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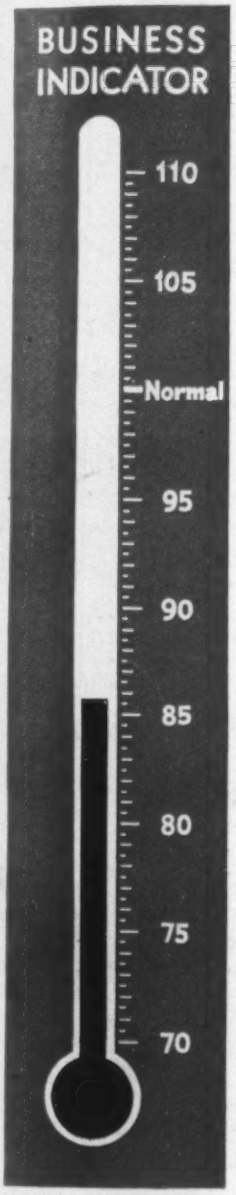
OCT 1, 1930

THE BUSINESS WEEK



A mad week from start to finish, mad with alarms, plots and rumors, governmental and private, brought into play or used by professional bears as a final desperate resort to squeeze the last drop of profit out of the short side of financial and commodity markets. . . . . This sort of thing is usual in the last stage of deflation, when prices have discounted all possible further business decline and are beginning to respond to the forces of recovery. . . . . Such forces are obviously, though still feebly, at work. Industrial production, except in steel, is still bumping along the August bottom, showing somewhat less than seasonal improvement, and primary distribution continues a bit backward. . . . . Building projects, especially residential, are doing better than was expected at this season, and general trade has shown more than seasonal expansion in September. . . . . Our preliminary index of business activity for the week ended September 20 has risen further from 84% of normal to 85.6%. The rate of improvement, however, is still too slow to warrant expectation of return to normal levels in the few remaining months of this year, without more vigorous Federal Reserve action and business leadership, of which there is still no sign. . . . . Business has probably missed the train again this fall, as it did last spring.

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ADDED SPEED

FOR THE

FORD PLANE

THE speed of the Ford tri-motored, all-metal transport has been materially increased. At the recent air races in Chicago, a Ford 5-A.T. plane, equipped with three Pratt & Whitney Wasp engines, won the multi-motored race with an average speed of 144.24 miles per hour.

Maximum speed of the 5-A.T. has been increased from 135 to 152.5 miles per hour, and the cruising speed is now 122 miles per hour instead of 112.

The new plane takes off after a shorter run, climbs faster than the former model, and has the same landing speed.

Added speed has been attained through painstaking refinements of fuselage and nacelle design but without expenditure of additional power.

This marked advance in aeronautical design causes a material decrease in mileage cost of operation.

Transport operators see in this plane the opportunity of accelerated air line travel by increasing inter-city cruising speeds, and, at the same time, decreasing their operating costs.

SPECIFICATIONS OF FORD 5-A.T. TRI-MOTORED ALL-METAL TRANSPORT

Gross weight	13,500 lbs.
Empty (but completely equipped for passenger service)	7,600 lbs.
Disposable load	5,900 lbs.
Pay load	3,643 lbs.
Maximum speed	152.5 m.p.h.
Cruising speed—at 1700 r.p.m.	122 m.p.h.
Stalling speed	64 m.p.h.
Range with standard fuel capacity	560 miles
Climb—at sea level	1,050 ft. per min.
Climb from sea level in 10 min.	8,000 ft.
Ceiling—Service 3 motors	18,500 ft.
Absolute 3 motors	20,500 ft.
Absolute (any 2-engine combination)	10,500 ft.
Dimensions—General Span	77′ 10″
Length	50′ 3″
Height	12′ 0″
Tread	18′ 7″
Cabin Width	4′ 6″
Height	6′ 0″
Length	18′ 9″
Volume	529 cu. ft.
Area Wing	835 sq. ft.
Passenger accommodations	
Removable Seats	13 to 15
Baggage Space	30 cu. ft.
Gasoline capacity	277 to 355 gals.
Oil capacity	34 gals.
Power—Engines	3 Wasps
Total Power	1260 H.P.

FORD MOTOR COMPANY

THE BUSINESS WEEK (with which is combined The Magazine of Business). Oct. 1, 1930. No. 56. Published weekly by McGraw-Hill Publishing Company Inc., Tenth Avenue at Thirty-Sixth Street, New York, N.Y. James H. McGraw, Chairman of the Board; Malcolm Muir, President; James H. McGraw, Jr., Vice-President & Treasurer; C. H. Thompson, Secretary. $3.00 per year. 15c per copy. Entered as second-class matter February 15, 1930, at the Post Office at New York, N.Y., under the act of March 3, 1879. Printed in U.S.A. Copyright 1930 by McGraw-Hill Publishing Company, Inc.

Bus. Adm.

What's In This Issue —And Why

Bears

RUSSIA is selling wheat, some of it on slips of paper in the Chicago pit, some of it from the holds of a chartered fleet sailing out of Black Sea ports. The news sets the world in turmoil, America over the insignificant "short" sales, Europe over the highly significant cash sales. *(page 5)*

Bulls

CHICAGO'S historic wheat pit plans new rules to give the bulls a chance, expects the government to help. *(page 6)*

Rail Mergers

EASTERN railroad mergers will have to wait awhile, judging from the setback given the Taplins' plans. *(page 7)*

Railroads Retrench

RAILROAD shops in Chicago are closing down, lines are cutting maintenance expense; say it is unavoidable. *(page 16)*

"Gas" War

INDEPENDENT filling stations started the gasoline price war. The federal courts are now asked to end it. Detroit independents have invoked the anti-trust laws against the big refiners. *(page 8)*

More Oil

UNDISMAYED by the unhappiness of those already in the game, the state of Washington hopes very soon to join the list of oil-producing states. Large companies are drilling. *(page 14)*

Suburban Shoppers

DOWNTOWN shopping grows steadily more difficult, less attractive to suburban housewives. Department stores try branches, discover they pay, are opening new ones more rapidly than is generally appreciated. *(page 10)*

Federal Taxes

THE administration is leaving no stone unturned to avoid higher taxes, but little hope is found beneath any of them. *(page 11)*

Fish Story

EXPERIMENTAL sales of chilled Nordic Fillets begin to prove that there may be as good fish eaten in the hinterland as were ever bought on the seashore. *(page 9)*

Better Homes

PROSPECTIVE builders of homes say it is hard to borrow, abundant though money is. There is another side to the story; lenders are insisting on better buildings, extra bathrooms, things that make homes more substantial, more saleable. *(page 17)*

JOHN D. ROCKEFELLER, JR., begins construction of 81 residences on his father's erstwhile country home, now in the city of Cleveland; says it's a strictly business proposition but he does hope to show how fine a home can be put up for $20,000. *(page 17)*

Canada

PASSING in just two weeks the most drastic tariff legislation ever enacted in the Dominion, the Canadian Parliament adjourns, leaving American manufacturers some painful problems. *(page 13)*

No Casuals

SEATTLE'S novel system of regulating waterfront labor which eliminates the floater, divides earnings evenly, pleases employers, is standing the test of hard times. *(page 15)*

High Pressures

A LITTLE discredited in salesmanship, high pressure is in high favor with chemists, already has revolutionized several industries, promises to transform others. *(page 23)*

Diplomas and Business

WHARTON SCHOOL OF FINANCE AND COMMERCE completes the most thorough study yet undertaken of education for business. *(page 28)*

IT IS A TIME-TESTED TRUTH— that speed—speed-with-accuracy—is essential to economy in the adding and calculating required to compile figure records and statistical facts on which the safe conduct of business depends.

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THE BUSINESS WEEK

The Journal of Business News and Interpretation

News of the week ending September 27, 1930

Russian Wheat Sales Shake Markets, Disturb Governments

Soviets Hedged in Chicago Knowing Their Unexpected Exports Would Break Prices

AMONG all the bears that have been on a rampage in the security and commodity markets this week, it was the Russian bear that edged the others out of the limelight.

Secretary of Agriculture Hyde said an investigator of the Grain Futures Administration had discovered that the All-Russian Textile Syndicate, subsidiary of the Amtorg Trading Corp., had been selling wheat short in the Chicago pit, asked the Board of Trade to investigate and control it "for protection of American farmers."

Sales were made Sept. 8, 9, 10, 11 when prices were falling; the amount admitted by the syndicate was 7,650,000 bushels. Government officials implied that this selling was done to depress prices and foster agricultural unrest, not as bona fide future trading, because the Soviet had no surplus wheat for export and obviously could not deliver Russian wheat in this market on its sales contract without loss. The Soviet representative said sales were a hedging operation, the nature and purpose of which were explained to the Secretary, but not to the public.

Wheat Bears Not New

Why was the spotlight turned on the Soviet at this moment? Bears have overrun the wheat pit for months; selling pressure has been persistent. Prices have been declining fairly steadily from the dollar level for December deliveries in Chicago, reached for a few days in August, when the drought scare was at its height, to a low of 82 cents Sept. 23, after the Secretary exploded his bombshell. This decline has not been justified by the world situation of supply and demand, but at this season the market has had little conclusive information to go on and has been influenced by the general business bearishness. The Farm Board itself has not had sufficient confidence in an upturn of prices to enter the market through its cooperative organizations and buy any large amount of wheat. The Administration is nervous about the steady decline, fearful of having to reverse its policy of refusing to support the market, hopeful that the bull element will become more active. To encourage them it has been discussing revision of trading rules with the Board of Trade. (See page 6.)

Selling All Season

In this situation Russia has been an uncertain and disturbing factor. Throughout the season, Russian wheat has been sold at low prices in European markets. These sales have helped to weaken the prices here and abroad whenever they have appeared and been reported on the Board of Trade ticker. These exports from Black Sea ports have been relatively small, not more than 15 million bushels so far this season, chiefly to Italy, France, Germany. The prices have been low partly because of inferior or uncertain grade; partly because, with large tonnages of idle shipping, low cargo rates have been available.

Most important is the fact that the Soviet has had to dispose of this surplus from South Russia for what she could get because of her acute need for money to pay for her purchases from abroad, and probably also because of inadequate facilities for internal storage and transportation. The further fact that no one knew definitely how much more Russian wheat would be forthcoming for export this year has also tended to depress the market.

These circumstances provide a logical explanation for the Soviet operations in the Chicago market. Instead of having no surplus for export, as Secretary Hyde said at first, it now appears that Russia will have about 50 million bushels to sell abroad, even though she may import small quantities through Siberia or the North Sea. Most of this is still in Russia or in ships awaiting sale. Realizing that as soon as this wheat is offered during the next 6 months it will, as in the past, depress prices, the Soviet availed itself of the facilities of the Chicago wheat market to sell some wheat for future delivery, believing that she could cover the contract when due by buying in this market at a lower price later on. In this way she hopes to cover part of her loss on future wheat exports and net a little more money to pay her foreign bills.

Like Canada's Operations

This was a straight hedging operation against part of her stocks in hand, not a simple short sale, because Russia has the wheat and can cover the sale somewhere in the world market. Actual delivery here is not necessary. The only difference between it and the practice of the Canadian wheat pool in hedging in the Chicago market its purchases from Canadian farmers is that the Soviet does not buy wheat from her farmers at a price; the wheat belongs to the government from the start.

There is always the probability, as *The Business Week* pointed out months ago, that the sale of wheat and other Soviet products abroad at low prices under pressure to secure foreign exchange may coincide with her permanent political purpose of undermining the shaky price structure in capitalistic countries and fostering social unrest, especially at this time.

Selling futures in the commodity markets, by a government, is a new development in this complicated situation. So long as the exchanges are free markets, as they have to be, there is nothing except precedent to prevent governments from engaging in business ventures of this kind; but it creates a new problem in international relations, and it is not quite clear why the Soviet should have chosen the American market to sell futures in, when the Liverpool market, where actual deliveries could be made, was available.

The Chicago Board of Trade doesn't believe it can be expected to tackle this

difficult situation single-handed. It is afraid that this latest incident in the situation will be made a signal for a general congressional attack and agricultural agitation against commodity exchanges. This is further complicated by the effort of Secretary Hyde to stimulate wider speculative interest in the wheat pit, and the dissatisfaction of some western senators with the Farm Board's achievements.

Europe Skeptical of Propaganda Motive

By Special Cable to The Business Week

SOVIET grain dumping has momentarily upset open markets. Grain men doubt if Russia can long maintain its present volume of offerings. It is not generally believed in Europe that Russia is dumping grain for the purpose of creating agrarian unrest in capitalistic countries. If this were being attempted, there probably would be concentration of sales in one country instead of fairly wide distribution. Also, Russia at present is unable to take advantage of any unrest, were any created.

The Liverpool market was badly hit Monday by Russian sales.

The German government had to abandon its support of grain prices.

Ships chartered to carry the grain number 170 under British flag alone; in addition, ships have been diverted from the lumber and other trades. The harvest is rolling in; Russia cannot store it; must move it to market.

The question of Russian dumping is to be brought before the Imperial Conference in unofficial conversations next month.

Over 100 tons of Russian soap are being sold in the British provinces and in Wales at $100 under British prices. Traders fear that further shipments of Russian soap, sweets, and matches are planned, but there is no evidence beyond the rumor.

The story that cancelled orders for Ford tractors from Cork have been transferred to the Vickers company cannot be confirmed.

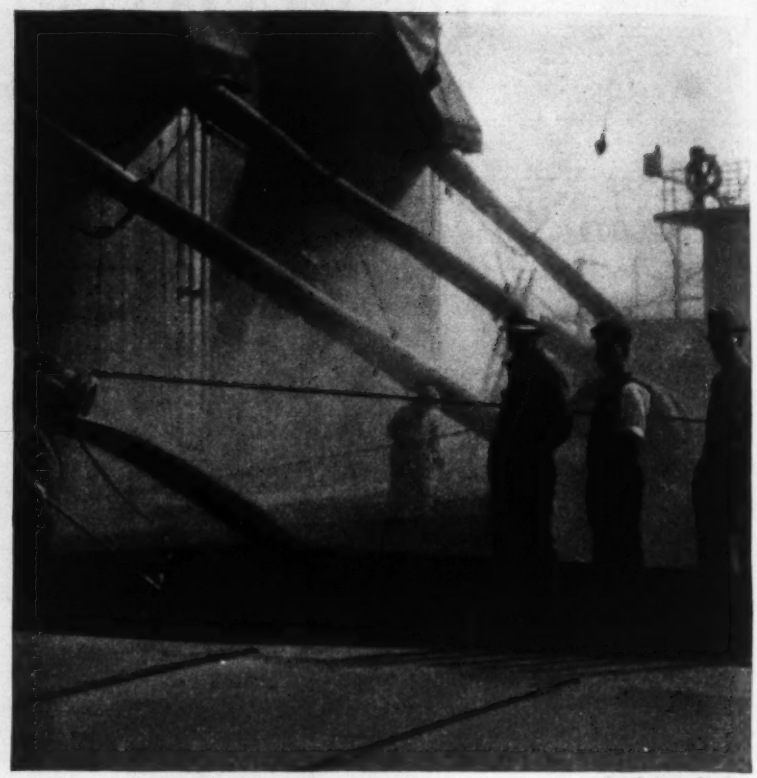
Low Prices Stimulate Heavy Buying of Flour

MINNEAPOLIS mills produced between Sept. 1 and Sept. 21, 1930, 808,738 barrels of flour. This is the greatest production of flour recorded in Minneapolis in more than two years.

"The low prices," one miller said, "have prompted the buyer to anticipate his future needs and make more extensive purchases."

Total production of flour in the Minneapolis mills since Jan. 1 is 8,492,255 barrels, an increase of 415,726 barrels over the output for the same period in 1929.

Translated into terms of bushels of wheat used, 3,640,000 bushels have been ground this month, a gain of 421,200 bushels over September, 1929.



Canada Steamship Lines

LOADING WHEAT AT THE HEAD OF THE GREAT LAKES

The S. S. Stadacona takes on cargo at Port Arthur, Ontario. The grain hisses out of the loading chutes, into the hatches; dust fills the air. Samples are taken every few minutes by the man with the scoop on the end of a stick

Board of Trade Plans to Make Bulls' Lot a Happier One

BALLOTING on two proposed changes in rules of the Chicago Board of Trade, designed to make speculative buying more attractive in a market where sellers now have the edge, will take place Oct. 6. It is expected that both will be approved by a large majority, and that the Department of Agriculture will subsequently remove certain of its restrictions now hampering large scale speculative dealings.

Change no. 1 proposes that grades of wheat deliverable on futures contracts be cut from 17 to 9, though the option to determine what shall be delivered still continues the seller's rather than the buyer's. All 6 of the inferior grades, hitherto deliverable at a discount of 2¢, 3¢, or 5¢, become non-deliverable. Two of the grades deliverable at par are eliminated. The 3 inferior grades of corn (no. 3) are deliverable only in December at the same discounts, 2¢ and 2½¢.

Change no. 2 provides that carlot deliveries on track during the last three days of every month will be the regular thing hereafter, and not depend on whether the directors of the board declare an emergency to exist, which is the

rule now. The power to declare an emergency is taken from the board. Thus certainty replaces uncertainty.

An important change that can be made only by the government is the elimination of restrictions which limit trading by one party to 5,000,000 bushels in any one grain, and require that when the amount dealt in is 500,000 bushels or more, all transactions must be reported to the Grain Futures Administration.

Introduction of new buying power will do more than anything else to help things, many grain trade leaders believe. It absorbs hedging, discourages abnormal short selling.

Germany Abandons Grain Prices to Their Fate

By Special Cable to The Business Week

SPECTACULAR event of the week in Germany was the collapse of government support of grain prices. On the day following the elections, the government discontinued stabilization of purchases on wheat. A catastrophic price fall was avoided only by a compensatory increase in the compulsory admixture of 80% instead of the former 60% of domestic wheat in the milling of flour. On the day following this ominous move, the government discontinued the much more important rye purchases which promptly caused a price drop of from $3 to $4 a ton.

The collapse was due to two factors: exhaustion of available funds for continued purchases, and flooding of the market by harried farmers whose shipments in the early part of September rose to four times the normal figure.

The government grain commissioner pointed out that it was impossible to maintain the present domestic price of rye at $48 a ton when the Soviets were offering rye at $20 a ton f.o.b. Russia.

Iron Companies Await Reports on "New Field"

REPORTED discovery of a major iron ore deposit in southeastern Minnesota has aroused local enthusiasm but, in the absence of definite word as to quality and extent, big companies are skeptical. The find is placed near Spring Valley in Fillmore county, about 75 miles from Winona, Minn., and La Crosse, Wis., both possible sites for docks to load the ore for Mississippi barge transport to St. Louis. Another speculation suggests use of existing furnaces at Chicago with the Chicago Great Western and the Milwaukee roads battling for the business.

All that would depend upon the development of an important tonnage. Officials of the M. A. Hanna Co., mentioned as planning to work the deposit, have a hunch that it is just one of the small pockets which dot the region. Even if large, present glutting in the steel market blocks early exploitation.

Berlin Sees Small Chance Of Sinclair Expansion

By Special Cable to The Business Week

BERLIN is skeptical of Harry Sinclair's statement that his company, operating through its subsidiary, German Sinclair Petroleum Corp., will undertake large-scale development in the Hanover-Oldenburg oil district.

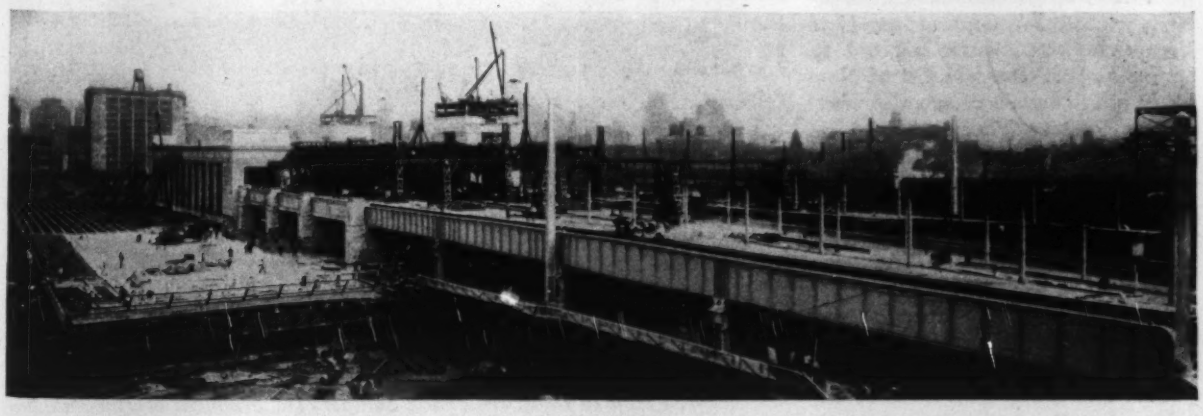
Although German crude oil production jumped from 38,000 tons in 1921 to 125,000 tons this year, and though 70% of this is from the Hanover region, the possibility of further expansion is doubted since the Germans have already conducted extensive drillings in the area. The belief is general in official Berlin that Sinclair's statements are made to create a more favorable sales atmosphere in Germany.

Taplin Report Forecasts Rail Merger Delays

FURTHER delay of any large railroad consolidation in the East is the probable sequel of Examiner Burnside's adverse report to the I.C.C. on the Taplin plan to combine the Pittsburgh & West Virginia with the Wheeling & Lake Erie as the nucleus of a fifth system. Inclusion of these two roads in the system also embracing the Wabash, Western Maryland, and Lehigh Valley conforms to the commission's consolidation plan, but the presumption is that in disapproving piecemeal consolidation the examiner has expressed the commission's views.

This tentative action may be construed as a thrust against the operations of railroad holding companies. The Pittsburgh & West Virginia is controlled by the Pennroad Corp. and the Wabash and the Lehigh Valley by the Pennsylvania Co.

The commission is committed to the fifth system idea, but it has no intention of permitting the creation of such a system under Pennsylvania control. It is probable that the Taplins will have to submit evidence of their intention to follow through with the acquisition of the Western Maryland, the Wabash, and the Lehigh Valley.



PHILADELPHIA'S GREAT NEW TERMINAL

The largest suburban station in America was opened by the Pennsylvania Railroad this week, the first unit of the greater terminal. Electric trains, 325 daily, now carry 30,000 commuters. Washington trains stop here instead of Broad Street, the old terminal three-quarters of a mile away, which is to be eliminated

Independent Gasoline Dealers Appeal to the Anti-Trust Law

CHARGING violation of the Sherman Anti-Trust Law and the Clayton Act as well as of state statutes, 10 independent Detroit gasoline dealers have filed suit in the federal courts against Standard Oil Co. of Indiana, White Star Refining, Sinclair Refining, Shell Petroleum, and Sun Oil Co claiming that recent price reductions of 3¢ per gallon, followed shortly by a further cut of 2½¢, were made by agreement.

Attorneys for dealers hope to prove concerted action with intent to force independents out of business. They are likely to find this difficult but their charges may focus government attention upon the merchandising activities of oil-producing companies, cause investigations, possible intervention.

The Michigan independents' move re-emphasizes the unsatisfactory conditions now prevailing in the oil industry. California recently ended a gasoline price war originally started by independents and continued until sales of 7 major companies had dropped from near 80% to 71.3% of total obtainable volume. Then the big fellows went into a free-for-all, letting prices drop to ruinous levels in an effort to clean up the situation. They have now gone back to 21¢ but the situation isn't entirely cleaned up. Some of the tough little independent retailers are still selling at 20¢ in Central California and undercutting by 2¢ or more in Southern California.

More Cuts in East

The price-cutting drive in the East in which the major refiners have more recently joined has now spread from New York along the Atlantic seaboard to South Carolina. Standard Oil of New Jersey, which remained unmoved when Standard of New York confronted independents in New York's metropolitan district with reductions of 1¢ and 2¢ a gallon (*The Business Week*, Sept. 17), has fallen into line and announces a reduction of 2¢ a gallon (West Virginia, 1¢). In tank car lots the drop is 1¼¢, from 9¢ to 7¾¢, which may mean lower dealer discounts.

Producing companies profess much concern over the general status of the independent. They assert that only about 1 in 10 can show financial responsibility justifying generous credit terms, that many operate shiftlessly, provide but mediocre service for the motorist, and represent unsatisfactory distribution for the producer.

This viewpoint has led to the establishment of producer-owned retail service stations, and to small chains replacing independents in some territories.

Tire Makers Are Forced To Protect Their Dealers

FORCING the issue upon manufacturers, already struggling with almost insurmountable difficulties, the New York Tire Dealers Association has received definite commitments from Firestone, Goodyear, Fisk, General, United States, and Goodrich supporting the dealers' demand for a cessation of unlimited price-cutting amongst manufacturers and restoration of schedules that would recognize the old-established dealer channels of distribution.

Mail order, department store, oil companies' service stations have cut deeply into independent tire dealers' sales volume. Quantity discounts extended to nationally operated companies, fleet owners, institutions have reduced the dealers' opportunity of profitable selling.

Aiming particularly at competition from privately branded tires made by nationally known manufacturers, dealers are now demanding legislation compelling identification of product with maker's name regardless of other trademarks or brands.

Ironclad contract forms are proposed, protecting dealers against violations by manufacturers and insuring them full opportunity to develop their market.

Bad Competition Shares Blame for Rayon Slump

AMERICAN rayon production for 1930 is expected to show an increase of 6% over the 1929 record, reaching 130,369,000 pounds, 20% below estimates of last January. This is the first year in the decade covering the industry's real growth that rayon manufacturers have made no appreciable gains. Rayon imports for the year, computed at 6,617,000 pounds, indicate a decline of 58% from the 1929 total. Rayon prices—at 95¢ a pound for 150

PIERCE-ARROW IS HOST TO BUSINESS MEN

Standing, left to right, are Ernest Stauffer, Jr., president Marine-Midland Trust; Walter P. Cooke, chairman, Marine-Midland; A. J. Chanter, first vice president and general manager of Pierce-Arrow. Seated, are E. E. Loomis, president, Lehigh Valley; George F. Rand, president, Marine Trust; P. E. Crowley, president, New York Central

FISH FILLETS ROLLED AND PACKAGED LIKE CIGARETTES

Chilled fillets, parchment-wrapped in cylinder form, are sliced (not shown) and enter the packaging machine at the right. They come out, two in a box, at the left, ready for sub-zero fast-freight distribution in inland cities

denier—have established a new low record.

Textile World, which supplies the estimates, finds the general business depression an insufficient excuse for this showing by an industry which, since manufacture is concentrated in a few large companies, deals with a "controllable" product. It cites among contributory causes unsound competition, unbalanced production, ruthless price-cutting, partial collapse of cooperative activities.

Other causes noted include the cracking up of the raw silk market, making silk more nearly competitive with rayon, curtailed operations of textile mills which consumed rayon, high-pressure buying tactics on the part of these mills, and the depression.

World production for 1930 is estimated at 419,911,000 pounds, 4% ahead of last year. Estimates for 1931 allot the United States an output of 174 million pounds, slightly more than the total originally set for this year.

Chilled Fish Fillets Are Headed for Inland Market

PLACING fish on the market as a conveniently packaged, ready-to-cook food within reach of all classes of buyers, Atlantic Coast Fisheries Co. has selected Syracuse, N. Y. in which to introduce its new product Nordic Fillets.

These boneless fillets are pressed and parchment-wrapped into a continuous sausage by a machine much like the machines used to make cigarettes, sliced to proper thickness, super-chilled by the Harden F. Taylor process, and then packed into convenient 2-portion cartons weighing about 8 oz. net, retailing for 22c., representing actually 2 lbs. of live fish weight.

Cellophane wrapping allows inspection through a window in the top of the carton. Silica-Gel refrigeration cars keep the product below zero during transit to distribution points. Local refrigerator warehouses store the stock for the wholesaler.

Experimental distribution has been started at Syracuse where 250 retail food stores, including Great Atlantic & Pacific, American, and Grand Union chain stores, offer these Nordic Fillets for the first time.

Distribution is to be extended into Southern and Far Western territory as soon as suitable facilities are available.

Chain Store Mergers Are Becoming International

OPERATING 151 retail stores throughout the United States, The F. & W. Grand–Silver Stores, Inc., enter the international field, by the purchase of Canada's Metropolitan Stores, Ltd. (subsidiary of Metropolitan Chain Stores, Inc., American) with 52 stores scattered from coast to coast throughout the Dominion.

F. & W. Grand–Silver is one of the few merchandising chains showing a sales increase (6.8%) and better profits (0.12%) for the first 8 months of 1930. Its Canadian acquisition adds $5 millions annual volume.

Similarly, W. T. Grant Co. is expanding through the purchase of existing stores, announces acquisition of 10 department stores operated by Howorth-Snyder Co. at Port Chester, N. Y., Malden, Roslindale, Watertown, Allston and Dorchester, Mass., Danbury, Conn., Woonsocket, R. I., Somerville, N. J., and Williamsport, Pa.

All ten stores were started within the last 4 years, are in arrangement and type essentially duplicates of Grant-operated units, handle similar merchandise, represent $1½ millions annual sales volume.

Grant Co. expects to reorganize the new units to conform to its own operating standards, will eliminate duplicating functions, put expenses on a definite basis of relation to sales, install its special simplified system of record-keeping.

Drug Store Owners' Chain Like Grocers' Alliance

HOPING to stem the ever-growing tide of chain competition, independent drug store owners of Northern New Jersey have finally succeeded in perfecting organization of the Independent Druggists' Alliance of America, with 200 enrolled, 50 to 75 more expected to join. Two or three of the largest retail druggists in Newark and Jersey City are still on the fence, not convinced of the benefits of the plan.

Brought together by J. Frank Grimes, the organization is patterned after the Independent Grocers' Alliance, will operate along identical lines. Headquarters will buy certain staples, provide sales cooperation, change store front and store arrangement to give a certain uniformity of appearance.

Members already enrolled average annual sales of $60,000 each. Certain wholesalers and jobbers are made functioning parts of the set-up.

National headquarters will be maintained at Chicago, jointly with the Independent Grocers' Alliance, effecting operating economies for both.

After the New Jersey group is in practical operation, organization will be national until 6,000 stores are members, which would be more complete coverage in the drug field than the Grocers' Alliance 10,000 stores in its field.

Department Store Branches In Suburbs Succeed, Multiply

Altman's, Hearn's, Others, Open New Stores, While Chicago's Loop Shops Plan Saturday Night Sales

TRAFFIC and parking congestion increase migration to suburbs, cause substantial diversion of business from "downtown" shops to neighborhood stores.

Unsatisfactory and slow transportation in crowded trains and trolleys, congested streets, inadequate parking facilities in shopping districts have combined to make shopping in the large department stores a hardship. So they are finding it necessary to open branch stores in outlying districts which until recently accounted for a substantial slice of their total sales volume.

In most instances no attempt is made to make suburban branches a small but complete edition of the big store. But the stocks commonly carried at branches include excellent assortments of a wide range of lines, selected to cover the particular demands of the territory as revealed through a study of sales records and charge accounts.

Personnel is selected to suit the needs of the neighborhood, routine procedures and type of service to customers being identical with those maintained at the main establishment.

Down-town Volume Holds

Contrary to expectation, branch stores have not perceptibly reduced sales volume of the parent house; have proved self-sustaining from the start; in many instances contribute satisfactorily to the net profits.

Marshall Field & Co., Chicago, first experimented with a branch opened at Lake Forest in 1928; found performance satisfactory; since then has opened 5-story branch stores at Evanston and Oak Park, both suburbs; reports these branches necessary to convenience of customers.

The Fair, Chicago, established one branch within the city limits, on Milwaukee Avenue, shopping district of Chicago's west side, through purchase of E. Iverson & Co. in 1928, subsequently extended operation to Oak Park, where the business of The Nicholas Co. was acquired in 1929.

In New York City the branch store plan is gaining steadily and may eventually reach its highest point of development. However, due to the peculiarities of the shopping area from which New York stores have drawn their business, the problem of determining profitable locations has been difficult, was accentuated by the fact that the territory included sections of 3 states and two large islands, Staten Island and Long Island.

A Variant of the Plan

James A. Hearn & Son, 102-year-old department store, on 14th Street, New York, has just opened a complete branch in Stamford, Conn. carrying a full line of merchandise, expects to extend all benefits of main store buying to the new branch but will develop it as a community enterprise serving like a small town merchant.

B. Altman & Co. recently opened a branch at White Plains for serving the Westchester County customers of the store, and has just announced purchase of a large plot of ground in the highly developed Harrison Street apartment house district of East Orange, where another branch store is to be erected at once.

Saks Fifth Avenue has developed branch store service, not as competitors to neighborhood stores in highly developed suburban residential districts, but rather as a means to supply the wants of its regular clientele while vacationing at Atlantic City, Miami, Palm Beach.

Similarly, Bonwit Teller & Co. maintains resort shops at Bar Harbor, Me. and Southampton, L. I.

Best's Consistent Policy

Best & Co. appear to follow a definite and comprehensive plan for branch store development, having selected locations for permanent as well as resort service, two of the former at Garden City, L. I., and Mamaroneck, N. Y. A third community branch is now being built at East Orange, N. J.; it is said that other locations are under consideration. Resort shops are at Asbury Park, N. J.; Southampton, L. I.; Palm Beach, Fla.

Practice of establishing branches as a means of self-preservation is spreading rapidly to other large cities.

Pacific & Atlantic

HENRY FORD IN PARIS

The automobile manufacturer crossed on the Bremen. Here, he leaves the Hotel Plaza Athenee for a trip around the city

Four of Philadelphia's important stores now maintain branches. Strawbridge Clothier has opened one at Ardmore, Frank & Seden have gone to Upper Darby, Allen's specialty shop has a branch store in its own building at Germantown and Geutings, shoe merchant, has branches at Ardmore and Germantown.

Nugents, St. Louis, Mo., opened its first branch in an outlying district 15 years ago, followed since then by a branch at Wellston.

Halle Bros., Cleveland, has extended

deeply into outlying territory, now maintains branches at Erie, Pa., Newcastle, Pa., Warren, Pa., Canton and Mansfield, Ohio, considers them necessary and valuable. The Bailey Co., another Cleveland department store, has opened two branches within the city limits. Branches of Detroit stores may now be found in Birmingham and Pontiac. Others are being planned.

Stores that for practical or financial reasons cannot readily develop branch stores are extending store hours as far as possible. In Chicago, stores within the Loop district are once more open on Saturday evening.

Drought Cuts Estimates On Canning Crops

LATEST canning crop estimates show a gradual decline from figures previously set, although spotty drought recovery has occurred in some regions. Due to lavish planting this spring, several important vegetables are at or above last year's total, but in almost every case the yield per acre has been exceptionally low. Sweet corn yield is put at 1.45 tons per acre, the lowest on record; production is 18% below last year. Reports for green lima beans and canning beets have fallen off sharply during the past few weeks, beets being at 71% of 1929 and beans at 53%. Production of snap beans has dropped 13% below the 1929 crop, after unusually rapid acreage expansion during the past two seasons.

The outlook for tomatoes is more encouraging than at first supposed, and the production is expected to be about the same as last year. Green peas for canning run 10% in excess of 1929, and cabbage for kraut 3%. Cucumbers for pickles are a bumper crop, being 50% over last year's unusually low harvest.

Treasury Is Losing Hope For Holding Income Tax Down

THE latest Treasury reports on revenues and expenses covering the first 77 days of the fiscal year beginning July 1 throw a deepening shadow of doubt upon the possibility of maintaining the 1% reduction in income tax rates when taxpayers begin to fill out their returns for 1930 next March. The horrible thought is beginning to crop up here and there that even the cancellation of the 1% reduction may not be sufficient, that tax rates may have to be raised somewhat unless the Treasury is willing to meet a deficit by borrowing, or letting the floating debt increase during 1931.

During these first 77 days there was a drop of $159 millions in revenue below the corresponding period last year and an increase of $41 millions in expenses.

The Treasury hopes to come out about even with its estimates at the end of the first half of this fiscal year, Dec. 31, but the prospects for the second half up to June 30, 1931, are problematical. It is not likely that there will be much improvement between now and the end of the year. The losses so far in this fiscal year as compared with last are due chiefly to declines in customs revenues, which have run about $60 millions below last year, with income tax payments showing a shrinkage of about $37 millions, chiefly due to a falling off in back tax collections and the 1% cut on last year's income taxes.

Everybody hopes that foreign trade will be better during the first half of next year, but the higher tariff rates may bring about an actual reduction of revenue by cutting down imports. In addition, during the last half of the fiscal year, running up to June 30, 1931, the Treasury will have to contend with a marked reduction in income tax payments on a year of poor business during 1930.

These two factors, lower customs revenues and income tax yields, make a continuance of the 1% income tax cut unlikely, make it almost certain that there will be practically no reduction of the public debt during the 1931 fiscal year, except for the sinking fund contributions plus such payments on foreign debts as are used for this purpose. The remainder of such foreign debt payments will probably have to be used to cut the Treasury deficit.

The Administration is leaving no stone unturned to avoid higher taxes, but almost every stone has been turned up and little hope found beneath any of them.

Newsprint Mergers May Affect Price Negotiations

AFFILIATION of the Hearst interests with Canada Power & Paper Co., in which Hearst gets a stock interest in the company and the company acquires a substantial interest in the Dominion Newsprint Co., renews speculations in the newsprint industry on what stand Canada Power & Paper will take in newsprint price negotiations to be opened this fall.

By the new arrangement Canada Power & Paper has the inside track on the immense newsprint requirements of

Acme

THE TARIFF FIXERS

Left to right are John Lee Coulter, Alfred P. Dennis, Henry P. Fletcher, chairman, Edgar B. Brossard, and Thomas Walker Page. With one more Democratic member—as yet unnamed—they will be ready to begin the 35 separate investigations which await them

use by telegraph companies, press associations, stock exchanges, brokers, business houses, police departments. The Bell system itself is one of the largest users.

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WASHINGTON believes it is on the eve of joining the oil-producing states. More than 30 oil projects are in some degree of activity, extending from Stevens county in the northwest corner to Pacific county in the southwest. Most of the drilling is west of the Cascade mountains.

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Acme

BACK TO WORK

The Andrea F. Luckenbach, largest freighter in the American merchant marine, heads seaward from her fresh-water mooring in the heart of Seattle. She was taken off the Seattle-Boston run last June

Seattle's Dock-Workers Accept Cuts; Keep Joint Shop Plan

THE joint shop plan, under which working conditions on the Seattle waterfront have been regulated for several years, is undergoing the acid test of hard times. But it is still intact and it is no longer regarded as an experiment.

Cooperative control of wages and working conditions by a committee composed jointly of 15 representatives of the men, elected by secret ballot, and an equal number of employers is so

monthly incomes from $60 to $150. However, the recent decrease in waterborne cargo has cut these totals 15% to 25%, though the wage scale remains unchanged at an average of $1 per hour. The average period of employment per month is now 130 hours, compared with a full working month of 200 hours. In other words, the work available is being distributed among the same number of men but the average

"The men have taken a jolt on the chin without complaining," said an executive of the waterfront organization. "They realize that their reduced earnings are the best they can get until business improves. They are receiving the same hourly scale as heretofore. The system protects them against an influx of labor which otherwise would flood the market. In dispatching men, a careful effort is being made to distribute the work fairly so that each man, as far as possible, may get his share of the total payroll of the waterfront."

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The contract made by the 3 companies runs for 5 years and provides that any one of the firms may withdraw at the end of any year if the plan does not improve the employment situation or if it should be found to conflict with any

the Hearst organization just as, a few months ago, it acquired a similar position with British interests of Lord Rothermere by the acquisition of Anglo-Canadian Pulp & Paper Mills.

Canada Power & Paper Co. is already one of the largest, if not the largest, paper manufacturer in the world, with a daily newsprint capacity of 2,500 tons and immense pulpwood and water power reserves. There are recurrent reports, apparently based on semi-official information, of its merger with Abitibi Power & Paper Co., which also is one of the world's largest.

Existing contracts with newspaper publishers expire in December. Most Canadian newsprint producers are anxious to have the present base price of $55.20 a ton revised upwards. Excess newsprint productive capacity has been a bear factor.

Should the proposed merger go through, the combined paper companies would be able to put powerful influence behind the demand for a price increase by the newsprint industry, but the close affiliation of Canada Power & Paper with two of the world's largest newsprint consumers may throw its weight toward retention of present prices.

International News

THE SENATORS RIDE THE HAM HORSE

The sub-committee, in Los Angeles for the China trade conference, is inducted into The Los Angeles Breakfast Club. Left to right, Senators Shortridge, Swanson, Pittman, and Shipstead take the Ham-and-Eggs oath

Doubt American Participation In Chinese-Eastern Muddle

RUMOR of the entry of the United States into the Manchurian tangle through investment in the Chinese Eastern Railway has failed to create alarm or even much interest in business circles. Wall Street is inclined to credit latest reports to scaremongers in Bucharest or Riga. Tokyo, greatly worried when the story was first prevalent a month ago, now attaches little authority to it.

Moscow negotiations dating from last year's flare-up between China and Russia over the management of the Chinese Eastern have not led to a satisfactory settlement and the railroad continues under the control of a Russian manager and a joint board of Chinese and Russian directors.

It is the purchase of Russia's share by American banking interests that is rumored. Another version reports that the Chinese governor of Manchuria is attempting to secure an American loan with which China, or Manchuria, might purchase complete control of the railroad. China's depleted financial condition would scarcely allow for an expenditure just now of the $100 millions or more which would be necessary to purchase the Russian share of the railroad, though French interests behind the Russo-Asiatic Bank, which originally had a large part in the Russian financing of the railroad, would welcome such an opportunity to get out of the venture.

The visit to Russia of Ralph Budd, president of the Great Northern, and his extended inspection of the Russian lines across Siberia is said in Berlin to have given rise to most recent rumors of pending American participation.

Far East authorities in New York point out that, while Vladivostok, sole Russian port of importance on the Pacific, is connected with Moscow by the Soviets' trans-Siberian railroad, running through trains over the Chinese Eastern across Manchuria saves nearly 600 miles; that Manchuria, much more densely populated than the Siberian region to the north, supplies for shipments across the Pacific via Vladivostok vast quantities of freight that might be diverted to Tientsin and Dairen if Russia sold out. It is also agreed that, despite the desire for credits abroad, Russia is not desperate enough to make this sale for the foreign credits it would bring.

New Uses for Silver Make Specialist Hopeful

SILVER is promised wider use in industry and the arts. Increasing demands for it are arising: as a substitute for quicksilver in "silvering" mirrors; for costume jewelry; in the photographic industry; for silver solders; on spectacle rims. So says Charles W. Merrill, silver specialist of the U. S. Bureau of Mines, who is now hard at work on a complete analysis of the metal's use in the United States, which the Bureau will issue the first of next year.

Silversmiths are divided on the desirability of further reductions in price. Some hold prices should drop but others contend that their product is a work of art in which selling cost is predominant; that silverware is bought because the public wants silver regardless of price; that price-cutting is not a sure road to increased sales.

Canadians Watch London, Await Next Move in Bennett Program

Premier Takes Representatives of Wheat Interests To Imperial Conference, Plans New Farm Relief

Special Correspondence
Ottawa

THE Canadian Parliament, assembled in special session Sept. 8, was prorogued Sept 22, taking just 2 weeks to put through the most drastic customs and fiscal legislation ever enacted in Canada: a $20-million appropriation bill for a public works program to relieve unemployment; a prohibitive anti-dumping bill; and the tariff revision bill.

Duties under new tariff will virtually exclude importations of several lines of textile products, silks, farm implements, dairy machinery, kitchen utensils, window glass, farm and dairy products, and several other commodities, will reduce importation of others.

Premier Bennett is now en route to London to lay before the Economic Conference definite proposals for increasing empire trade. In his retinue are representatives of the wheat pool, the Canadian Grain Board, and Canada's private grain trade, and it is clearly his intention to attempt an assault on the British wheat market.

Correlative plans for ensuring better prices for Canadian agricultural products and ameliorating the Canadian farmer's competitive position look to the improvement of distribution facilities, lowering of transportation costs, raising of Canadian farm production to higher levels of efficiency.

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Study of farm machinery schedules in Canada's emergency tariff indicates that, unless other American farm equipment companies establish factories in Canada, special advantages in the Canadian market will accrue to the Massey Harris Co. and Cockshutt Plow Co. with headquarters in the Dominion, and to International Harvester which has established manufacturing facilities at Hamilton and Chatham, Ont.

Under the old tariff, International Harvester had a 6¢ to 15¢ advantage over American competitors who do not manufacture in Canada. The new rates increase that advantage 25% on most of the farm implements affected. Since all of its tractors are priced under $1,400, the company also gains by a clause that admits tractors up to that price duty-free, assesses 25% against all selling above that level.

MONTREAL TO GET A NEW TERMINAL

Sir Henry Thornton, chairman and president of the Canadian National Railways, points to the model of the central passenger station and office building which will rise in the heart of the business district. Work began last week; it is to cost $50 millions

Lloyd-Hapag Benefits By Merger Economies

THE Lloyd-Hapag shipping combine is effecting economies. In the American service, few passenger sailings have been changed but freight service has been expedited by eliminating duplicate Hamburg-American and North German Lloyd sailings and spreading them over shorter intervals. To East Coast ports, 10-day sailings are now provided by the combine. Through the merger, 2-week Hapag and 3-week Lloyd sailings from the West Coast are speeded to a 10-day schedule which, at the same time, frees 2 Lloyd vessels for some new line. Twice-a-week sailings are scheduled to the Far East from Bremen, Hamburg, Antwerp, Rotterdam, and Genoa. Common loading berths reduce overhead.

Latest move is the creation of fast freight service between Canada and Europe.

A. T. & T., Chief Customer, Buys Teletype Corp.

TELETYPE CORP., Chicago, has been sold to its biggest customer, American Telephone & Telegraph Co. After Oct. 1 it will be operated as a division of Western Electric, adding 2,000 to its 30,000 employees in Chicago.

Teletype has been a closed corporation. A share for share trade gives its stockholders 150,000 A. T. & T. shares, worth at the market $31,500,000.

Three products, all with large possibilities of future development, are involved. The teletype sends and receives typewritten messages over wires —more swiftly and accurately than human telegraphers.

Counting in Teletype high-speed tickers, there are 30,000 to 50,000 in

use by telegraph companies, press associations, stock exchanges, brokers, business houses, police departments. The Bell system itself is one of the largest users.

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Barnsdall Oil Co. has 2,000 acres under lease in Whatcom county. The Gray-Tac Oil Co. is down 12,000 feet in Grays Harbor county looking for gas. Olympic Exploration Co., subsidiary of Olympic Oil in which R. Stanley Dollar and associates are interested, plans a major development immediately in Jefferson county. Drilling equipment is en route to large acreages on the Olympic peninsula leased by La Salle Development Co., a Chicago syndicate of railroad men and bankers.

Profiting by experience of other producing fields, Washington is determined there shall be no orgy of stock selling. Present projects appear well financed by responsible operators; the public is not participating.

To safeguard the public and themselves, promoters and operators have organized the Northwest Oil & Gas Association. It includes bankers, prominent capitalists, lumbermen, public officials, both present and former. E. A. Sims, capitalist, miner, former speaker of the Washington House of Representatives, is president.

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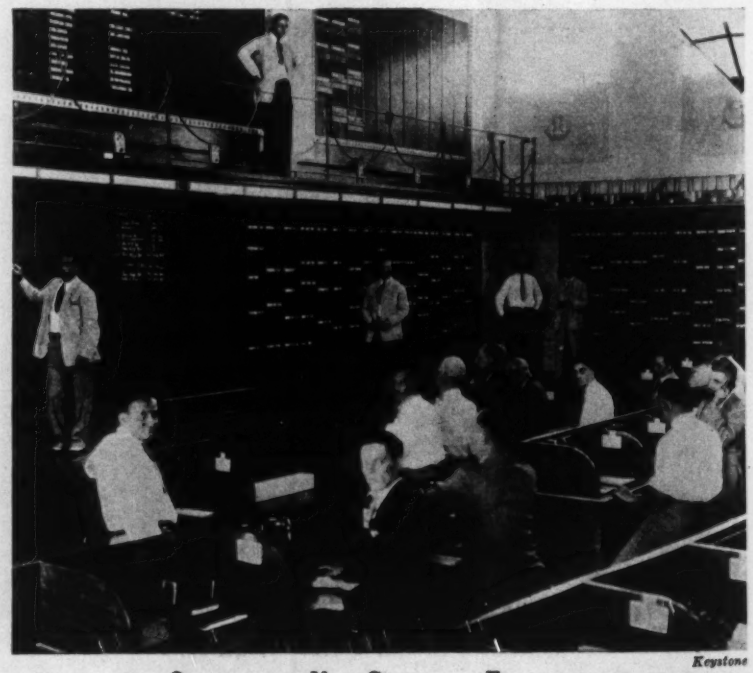

Keystone

OPENING THE NEW CLEVELAND EXCHANGE

The new quarters of the Cleveland Stock Exchange are on top of the Union Trust Building. Equipment includes the newest in quotation boards

Acme

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Cooperative control of wages and working conditions by a committee composed jointly of 15 representatives of the men, elected by secret ballot, and an equal number of employers is so effective that an invisible wall has been erected which outsiders cannot scale. The floater coming to the port of Seattle has no chance to break in. Under this program of decasualizing longshoring and dock trucking and enforcing safety measures, men are registered and dispatched from a central hall, instead of being compelled to go blindly from one terminal to another seeking employment. The central headquarters tells them whether or not a job is open. Jobs are reserved for company gangs and registered men. Under present conditions no additional workers are being registered.

This program of systematizing dispatching and eliminating surplus labor raised Seattle longshoremen's average monthly incomes from $60 to $150. However, the recent decrease in waterborne cargo has cut these totals 15% to 25%, though the wage scale remains unchanged at an average of $1 per hour. The average period of employment per month is now 130 hours, compared with a full working month of 200 hours. In other words, the work available is being distributed among the same number of men but the average earnings are less than a year ago. Approximately 1,500 men, both in company gangs and registered at the hall, are employed on the Seattle waterfront.

In good times the joint plan system proved its practicability by furnishing labor when ships and terminals required men, dispatched longshoremen and truckers to the job without waste of their time. The plan has made for peace in the local waterfront industry. Generally speaking, both sides are satisfied. When disagreements arise or objectionable practices appear, a round table discussion by the joint committee results in amicable adjustment. Union and non-union men receive the same consideration.

"The men have taken a jolt on the chin without complaining," said an executive of the waterfront organization. "They realize that their reduced earnings are the best they can get until business improves. They are receiving the same hourly scale as heretofore. The system protects them against an influx of labor which otherwise would flood the market. In dispatching men, a careful effort is being made to distribute the work fairly so that each man, as far as possible, may get his share of the total payroll of the waterfront."

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The contract made by the 3 companies runs for 5 years and provides that any one of the firms may withdraw at the end of any year if the plan does not improve the employment situation or if it should be found to conflict with any law. The Industrial Commission of Wisconsin is referee.

Puts Unemployment Up To Employers and Unions

"NO TOWN should permit a worker whose taxes and buying power support it, to become a charity case or to move out if it is at all possible to find the right job for him. No industry should lose a skilled worker who has spent his life learning his trade, because the skill, efficiency, and loyalty of its workers are an industry's greatest assets. Any trade union which permits a cardholder to go idle is failing in its first obligation.

"When unions and trade associations

realize that employment agencies are the only logical machinery for minimizing such unemployment as seems inevitable, then will the unemployment problem be on the way to solution."

Thus Sam A. Lewisohn, vice president Miami Copper Co., in the current *Engineering and Mining Journal,* summarizes his views of how this world-wide unemployment problem can be solved.

Mr. Lewisohn sees no excuse for seasonal and casual unemployment; is convinced that unemployment caused by changing demand, new product developments, etc., can be anticipated and prevented by managements with vision; suggests that strong attacks at the types of unemployment for which there are remedies might do much to eliminate the cyclical type now baffling the world.

Chicago Railroads Cut Deep Into Maintenance Payrolls

LARGE retrenchments in maintenance of equipment expense were made by Illinois Central and Chicago & North Western railways in September.

Illinois Central closed its main shops at Burnside, Ill., and Paducah, Ky. Sept. 9. Burnside normally employs 1000 men; Paducah, with the road's principal locomotive shops, 3000. Small forces are retained for emergency repairs.

Chicago & North Western on Sept. 17 closed its Chicago Avenue shops, largest railroad maintenance shops in Chicago, employing 2200.

Both roads probably will keep these shops closed for the rest of the year.

Rock Island Lines, having started maintenance retrenchment sooner, finished earlier. The main shop at Silvis, Ill., just outside Rock Island, closed for 7½ weeks, opened Sept. 15, putting 1200 men back to work. Altogether, 4,200 employees went back to work on Rock Island Lines on that date.

Inquiry at headquarters of the other three main railroads with executive headquarters in Chicago brought out these facts:

THE MILWAUKEE ROAD — Steady work with reduced force, rather than closing down for a period, is the policy in force; 20% fewer men are working 40 hours, instead of 44, a week. Maintenance of way forces reduced a little more, around 25%. The last reduction is less than it might be, in case of dire necessity. "You can do almost anything you want with maintenance of way expenses," an official commented. "If a roadbed is in fairly good condition, it will always last for another year."

SANTA FE—Shops now working 40 instead of 44 hours; 15% reduction in forces. No intention of changing this at present. Maintenance of way forces reduced, too. Retrenchment on this road did not start in earnest till June 1. "We had a heavy program of additions and betterments under way the first part of the year. We had hoped that by summer things would have picked up. They didn't. Most of our new rails had been laid by that time. So we cut down."

BURLINGTON—Three of 5 main shops closed for the week beginning Sept. 22, one week only. Other 2 go on 5-day week. It is likely that the 3 closed will run 5 days only, when opened, with forces close to normal. Reduction less than in case of some other roads, due to less reduction in traffic, both freight and passenger. "Better crops in our territory."

About 90% of total railroad operating expense is for three things: transportation; maintenance of equipment; maintenance of way and structures. A reduction of transportation expense is a real saving. A reduction of maintenance expense may or may not be such. Cars and engines not in use do not wear out. Commonly, however, reduction in maintenance is simply postponing of needed work.

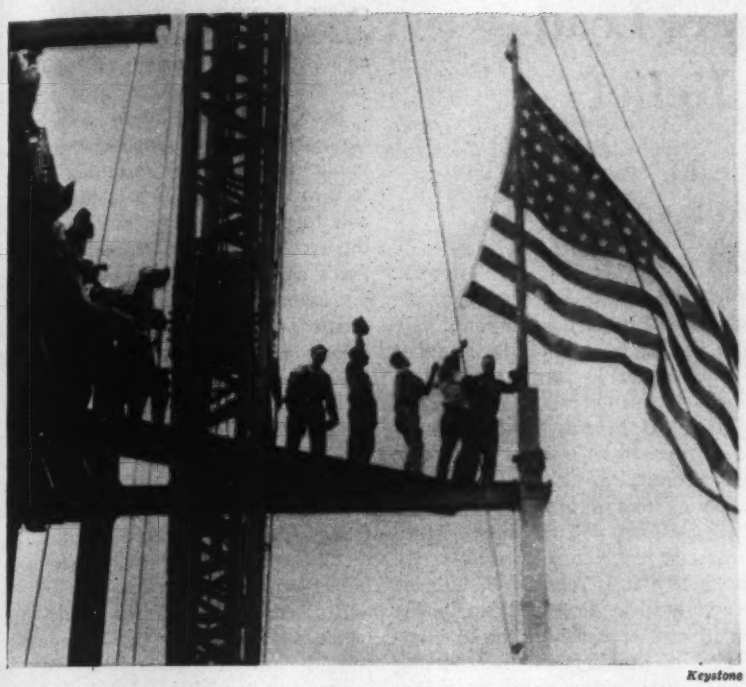
In a current editorial in *Railway Age* Samuel O. Dunn comments: "The policy of deferring maintenance under such conditions as have existed this year often is criticized. As a practical matter it is unavoidable. When an industry is forced to operate even in years of general prosperity upon such a narrow margin of profit as the railroad industry is, it must in years of depression adopt very radical measures if it is to report sufficient net earnings even partially to maintain its credit."

In the first six months of this year, Mr. Dunn points out, Class I roads reduced transportation expenses $81.5 millions, 7.8%; both kinds of maintenance expenses, $96 millions, 9.4%. Later months show still heavier cuts.

Underwood & Underwood

CHICAGO BY NIGHT

Peaks in the skyline, as seen from the near North Side, are (left to right) 33 North Michigan Ave., the Wrigley, Union Carbide, Jewelers', Straus, and Pure Oil buildings. At the extreme right is the LaSalle-Wacker building, with its aviation beacon



Keystone

THE END OF STEEL—STRAIGHT UP

Iron workers hoist their flag on the 87th story of the Empire State Building to tell the world that their part of the job is done

Mortgage Market Stiffens Construction Standards

NEW standards of quality in construction, imposed upon borrowers by mortgage money lenders, are having a marked effect on residential building, influencing both the kind and number of homes placed on the market.

Prospective dwelling and apartment house builders complain of inability to borrow what they consider a reasonable amount of construction funds; say that while there is plenty of first mortgage money available covering up to 50% or 60% of the property to be mortgaged, anything beyond that comes at disastrously high rates. This situation has tied up speculative builders who are usually active and who do most to maintain the real estate market.

Heavy investors in mortgages reply that they can provide plenty of money but cannot always find mortgages that are suitable. These investors include insurance companies with more than $6½ billions or 43% of their assets in mortgages, savings banks with an estimated $9 billions or 50% of their investment funds in this market, building and loan associations whose mortgages consume an additional $6 billions to $7 billions.

In deciding on what are suitable mortgages, lenders are setting requirements in sharp contrast with those of previous years. Standards on locations are much stricter. Quality of construction is heavily stressed. Such additional facilities as an extra bathroom in a home add much more borrowing value than construction cost, because lenders consider that it makes the house much more easily saleable. In imposing these conditions mortgage investors are strongly influenced by the growing choosiness of buyers and renters.

Rockefeller Building 81 Houses in Cleveland

CLEVELAND has always been individualistic in residential construction, but the Rockefeller housing development (*The Business Week*, Sept. 21, 1929) introduces large-scale methods. Even the Van Sweringens, master builders of Cleveland, have built their houses one at a time, or allowed others to build them one at a time in scattered locations.

In formally opening the Forest Hill subdivision last week representatives of John D. Rockefeller, Jr., let it be known that they hope to house 20,000 persons on the acres which the senior Rockefeller and Laura Spelman Rockefeller laid out as a pleasant country seat in 1876. Rockefeller junior played on the Cleveland farm when he was a boy.

The opening building program consists of 81 houses and a $750,000 business block. Two millions have been spent in preliminary work. The project is in no sense philanthropic but Rockefeller hopes to show how fine houses can be built for $20,000. At this level he is in competition with the lowest-priced group in the Van Sweringens' famous Shaker Heights.

Hard-Boiled Builders Cutting Labor Costs

BUSINESS depression increase in labor efficiency now is evident, notably in building, but it cannot be measured.

The employer can dictate now. If he is hard-boiled, he gets results.

The main factor working to bring about sizeable reduction in building costs is not reduced prices of raw materials, which are quite moderate, or decreases in wage scales, which are by no means large or general, but willingness of contractors to forego putting normal profits into estimates. If possible, they reimburse themselves by putting pressure on sub-contractors and workingmen. If they don't get it back, they have at least kept their organizations running.

Portland, Sioux City Say Builders Didn't Cut Wage

REPORTS of wage reductions for certain building tradesmen appearing in labor publications and quoted by *The Business Week* (Aug. 9) are vigorously denied by the Sioux City Chamber of Commerce and by the Building Construction Employers Association of Portland.

Sioux City plumbers' wages were said to have been reduced recently. The chamber there maintains that there have been no wage adjustments since minimum wages of $9 for an 8-hour day were fixed 3 years ago. Wages of bricklayers' tenders, hoisting engineers, and tile setters in Portland were reported to have been cut. G. B. Herington, executive secretary of the Employers Association, declares that no wage adjustments in any of these trades have been made for 3 years.

Realtors and Farmers Lead The Fight for Tax Relief

Would Have Other Forms of Wealth Share More of Realty's State and Local Burdens

REAL estate men and farmers are agreed that too much of the state and local tax burden is borne by land and improvements, that more of it should be shifted to other classes of wealth which have grown up since present tax structures were built on real property.

The National Association of Real Estate Boards is working through local real estate boards to form organizations of voting property owners which are to be grouped into state and national bodies. Considerable progress has already been made.

The American Farm Bureau Federation, taking up the same fight, plans to call an October conference of farmers and business men to consider ways and means of reforming the antiquated tax system under which realty pays about three-fourths of all local taxes—in some states, over 90%.

Low Taxes Help Farms

Agriculture would do well, some farsighted leaders contend, to pay less attention to relief measures concerning which farmers themselves disagree, and concentrate on securing the one type of relief on which there is no disagreement—relief from the general property tax. Until the last 10 years, taxation got little organized attention from farmers. More has been accomplished by them than is commonly realized, especially in the last 5 years. They are largely responsible for the gas tax, which the 48 states now impose.

The gas tax is one of the soundest and most equitable forms of taxation devised. It spreads burdens directly in proportion to benefits, reaching nonresidents as well as residents of taxing areas. Politically, it is expedient. Considering that it produces in excess of half a billion dollars annually, protests against it are comparatively small. Economically, it is sound. Because of gas and vehicle license taxes, many states are now approaching the business-like goal of building and maintaining highways on a pay-as-you-go basis. Bond issues for road building become relatively fewer; terms shorter.

With the gas tax fight won, agriculture is now concentrating on securing state income taxes. Twenty states now levy such taxes, 5 of these having been added in 1929: California, Oregon, Washington, Arkansas, Georgia. There will be more states added in 1931.

While New York, Massachusetts, Wisconsin, and North Carolina raise sizeable revenues from state income taxes, rates are low—as yet. They run up to 3 or 4% in some states, around 1% in others. Exemptions are generally lower than the federal. Thus more people are reached. As yet, state income taxes have not done much to reduce property taxes, though undoubtedly they have forestalled increases. Tax reductions, in any progressive community, are hard to get.

Recognizing the impossibility of securing substantial reductions in total public expenditures, farm tax leaders seek to shift the burden to those better able to pay. This task is simplified by the fact that in rural communities the lion's share of all tax money goes for just two things: schools and roads. Cost of roads is being shifted to the motorist. Efforts to shift some of the cost of schools to the state are being made.

Direct Taxes Better

Advocates of direct taxation point out that it makes tax-payers more eager to watch public expenditures, and so in the end is really less costly than indirect taxation, paid in the form of higher rentals and prices.

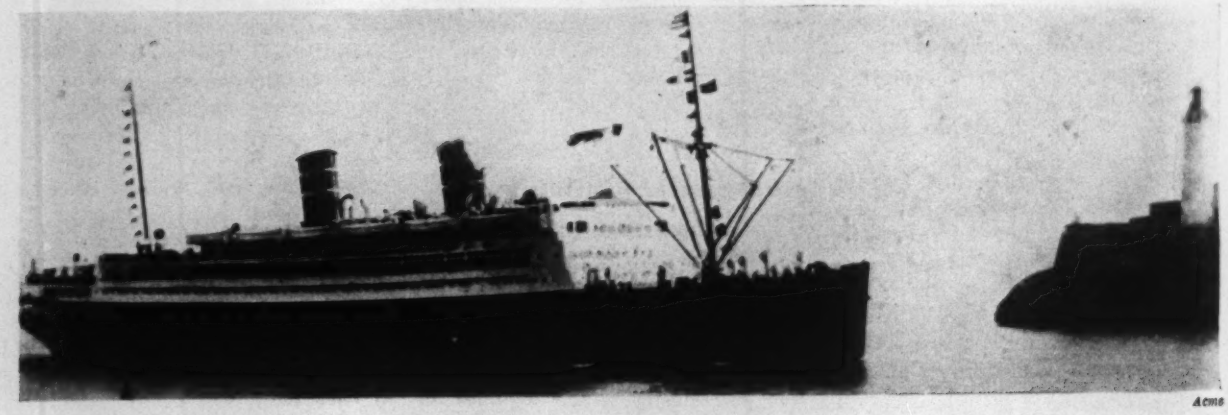
Research designed to find other methods of obtaining the revenue supplied by property taxes is also on the program of the National Association of Real Estate Boards. In this it will have the cooperation of the National Association of Building Owners and Managers and the Mortgage Bankers Association of America. The University of Chicago will direct the work, which centers about 4 questions:

(1) Are state income taxes a method of relieving real estate of some of its tax burden?

(2) Can sales taxes be used to relieve real estate of some of its burden?

(3) Are constitutional and statutory limitations on taxes and public indebtedness effective?

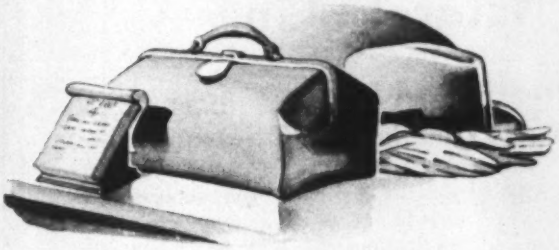
(4) What miscellaneous city revenue can be developed to take the place of real estate taxes?



Acme

THE MORRO CASTLE MAKES A RECORD

The Ward Line's newest steams into Havana harbor 59 hours after leaving New York. She is shown passing the old Spanish fortress for which she is named



"Too many operations!"

Life for a certain city doctor kept growing more and more strenuous. He was on the staff of a large hospital. He had a rapidly increasing practice.

He had to make time for his surgical operations. He had little time to study investment trends. But he could not afford to neglect his personal investments. How could he attend to them quickly, safely and with full realization of opportunities?

WHAT he will find in National City service

CONVENIENT OFFICES.
National City offices throughout the world are at his command.

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National City offices are in close touch with all investment markets.

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He will be dealing with an organization with a background of over a century of financial experience.

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National City's broad lists are made up from the world's finest investment offerings.

Whatever *your* investment problem may be, you will find practical and prompt assistance at your nearest National City office.

The National City Company

NATIONAL CITY BANK BUILDING, NEW YORK

INVESTMENT SECURITIES

General Motors Diversifies Only Along "Natural" Lines

Picks Affiliated Industries in Which Its Resources Offer Advantages, Products That Sell in Off-Seasons

"NATURAL evolution," President Alfred P. Sloan, Jr., told General Motors' more than 200,000 stockholders on Jan. 3, will result in "an increasing diversity of General Motors activities." He added this caution, "It must be fully recognized that General Motors is engaged primarily in the automotive business and its affiliated industries."

What are these "affiliated industries"?

They are industries in which parts, products, or processes of automobile manufacture may be used. Delco-Light illustrates. A Delco-Light plant on a farm is just a gas engine in another place. Manufacture of that engine is no different.

Only sizeable products that can be manufactured and sold in large quantities fit into the General Motors scheme.

Electric household utilities meet these conditions. It is conceivable that washing machines, ironers, clothes dryers, vacuum cleaners, water heaters, electric ranges, health lamps, possibly oil burners, may be considered for membership in the General Motors line in the years to come. The corporation is already one of the 3 or 4 largest electrical manufacturers in the country. Its Delco-Light and Frigidaire sales and service organization is efficient and experienced. So is United Motors Service Corp., which specializes in servicing automotive appliances built by G. M. accessory units.

There is little need for new General Motors manufacturing units in automotive and accessory industries. The line is practically complete now: 5 main car manufacturing divisions, with foreign connections and a truck company added; 6 companies in the Fisher body group; 18 parts and accessory units.

Advantages of "affiliated industries" have been demonstrated through the remarkable growth of the Frigidaire business. So is Ethyl Gasoline Corp., in which General Motors has one of the best little investments it could want—$750,000 for half-interest.

The impression that General Motors is extending into new lines this year is hardly correct. The only new acquisition has been Winton Engine Corp., Diesel manufacturer. This has been offset by sale of Jaxon Steel Products, wheel manufacturing division, to Kelsey-Hayes Wheel Corp.

International News

CHARLES F. KETTERING

The president of General Motors Research is an old household utilities man himself

What is happening is that extensions initiated before the crash, notably into aviation and radio, are being worked out and put in motion. Many possible future advances are being studied. Much experimenting is being done—as always. News about experimental activities leaks out occasionally, starting rumors. Because a G. M. engineer is testing a valveless engine or Diesel-driven passenger car on the road does not mean that such a product is coming soon or at all. Light is shed upon the corporation's attitude by a remark of Charles F. Kettering, "Many invest money in research, who are unwilling to invest time."

In Charles F. Kettering and Richard H. Grant, General Motors has key men of long experience in the manufacture and sale of household utilities business machines and related products. They rose to the top of the National Cash Register organization. Then Kettering started Dayton Engineering Laboratories Co. (Delco). He made all sorts of household appliances. He experimented with ideas by the hundred. He developed starter and ignition equipment for automobiles.

Promising fragments of this original Delco concern were acquired by General Motors and greatly enlarged to make what is now Delco-Remy (starting

Wide World

TEST TELEPHONE CABLES WITH GAS

All along the route of the Pacific T. & T.'s new $10,000,000 San Francisco–Los Angeles cable are test stations like this. Gas under pressure reveals cable injuries before the service breaks down

Imitations never quite succeed in being WOOD . .

THE BEAUTY of well-finished wood cannot be imitated. Curves, swirls, and patterns artificially imposed on alien surfaces are cold, mechanical . . . lack the "natural" charm of wood.

In the executive office, where dignity and good taste are paramount, wood furniture is essential. The finer period desks and chairs can be obtained *only* in wood—master craftsmanship does not adapt itself to unwieldy substitutes.

All employees prefer wood furniture . . .Throughout the entire organization the charm and friendliness of wood equipment encourage efficiency.

Wood office furniture is stronger, pound for pound . . . quieter . . . does not deteriorate, corrode or bulge out of shape . . . lasts indefinitely. ***And wood desks actually protect papers and valuable data from fire better than do desks of substitute materials.***

The leading American manufacturers of wood office furniture provide a wide range of appropriate models—period suites for executives . . . desks and chairs for other employees . . . furniture for all office needs. Consult your local dealer.

• • •

SEND for the free booklet, "*Planning the Modern Office in Wood,*" which contains complete data on office planning, and a handy chart that will help you lay out an attractive, efficient office to meet your individual requirements. WOOD OFFICE FURNITURE ASSOCIATES, INC. Affiliated with the National Lumber Manufacturers Association.

An executive office of the STANDARD OIL COMPANY (NEW JERSEY). *Furnished throughout with wood office furniture, this room has beauty . . . personality*

The stenographic room, GENERAL OUTDOOR ADVERTISING COMPANY, *New York City. Large organizations find that employees prefer the warmth and friendliness of wood office furniture*

WOOD OFFICE FURNITURE

Wood Office Furniture Associates, Inc.
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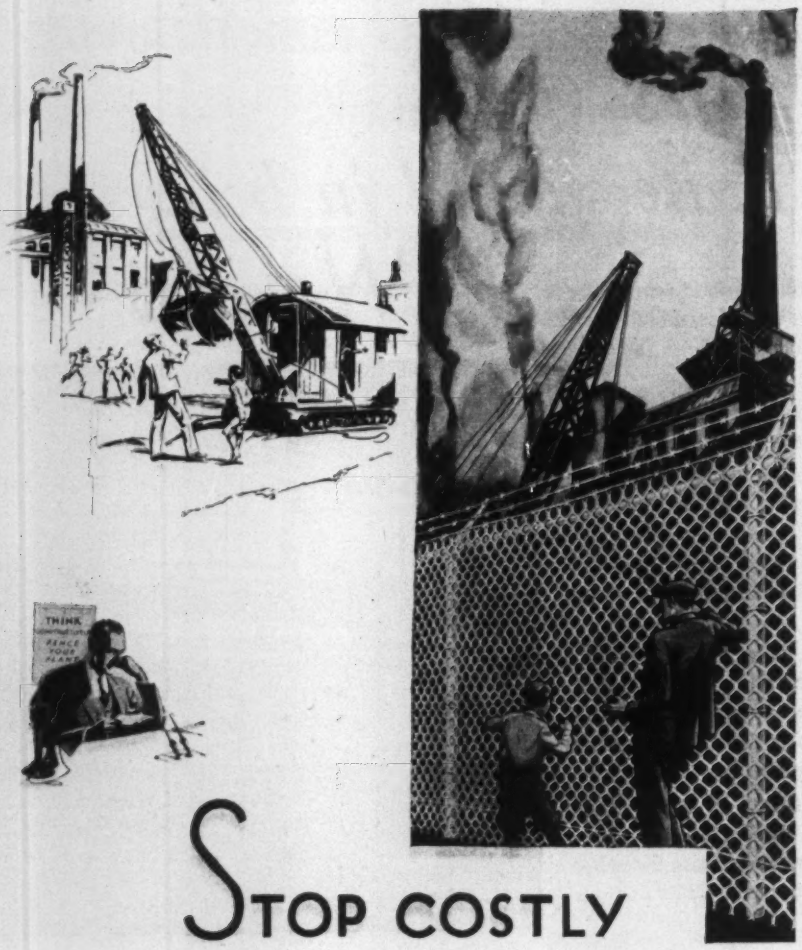

STOP COSTLY DAMAGE SUITS

A steam shovel--a moving crane--or any other yard operation excites the curiosity of the passerby. "Keep Out" and danger signs will not thwart his impulse to investigate. And YOU are responsible for his welfare should he suffer injury. Why pay the bills for such negligence?

You can keep these trespassers off your property with an Anchor Fence. A small part of a damage suit will more than pay for the extra cost of an Anchor Fence installation.

Have the local Anchor representative submit a plan and cost estimate.

ANCHOR POST FENCE COMPANY
Eastern Avenue and Kane Street, Baltimore, Maryland

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Representatives in all principal cities. Consult your local classified directory

ANCHOR FENCES

MADE BY THE MAKERS OF AMERICA'S FIRST CHAIN LINK FENCE

and ignition), Delco Products Corp. (hydraulic shock absorbers, fractional horsepower motors), and Delco-Light Co. (farm lighting plants, D-L residence water systems, Delcogas).

As sales head of Delco-Light, R. H. Grant built up such a successful sales and service organization that Frigidaire, then a Detroit-made product with a sorry sales record, was turned over to him to push. Sales climbed. Frigidaire moved from Detroit to Dayton, eventually became the big unit there. This past spring Delco-Light was moved to Rochester, New York, where North East Electric Co., now significantly renamed North East Appliance Corp., was acquired last year. North East manufactures all sorts of miscellaneous electric equipment, mainly for motor cars. It looks as if Rochester is slated to be a General Motors electric manufacturing center.

The ease with which General Motors could turn out a large assortment of household appliances, without extending itself much, is realized when one examines the full list of the corporation's units and their products. Even Ternstedt, a Fisher body unit, now manufacturer of hardware for Frigidaire cabinets, is involved.

Radio Offsets Peaks

A further consideration of importance is that automobile manufacturing has a marked spring and summer peak, which Frigidaire tends to accentuate rather than diminish. Presumably, one reason for General Motors adding radio is that it is a fall and winter product. Most household appliances have either fall and winter peaks, as water heaters and oil burners; or fairly steady year 'round sales, as home laundry equipment.

Past events indicate that General Motors prefers to expand into new fields by acquiring going firms there, rather than starting anew from scratch.

General Motors expansion is not of "whole hog or none" sort. In fields where the company has within its ranks all the knowledge and facilities needed to make a product, subsidiaries are wholly owned. Car, body, and parts companies are such, excepting only Yellow Truck & Coach Manufacturing. But where other interests can make important contributions, there is no reluctance to share ownership. This Standard of New Jersey has half interest in Ethyl; Radio Corp. has 49% of General Motors Radio; Vincent Bendix, Anthony Fokker, Adam and other Opels in Germany retain large holdings in companies in which they contribute their talents.

Industry Is Rapidly Exploiting Uses of New Chemical Technique

BIG industrial plants are practically ready to go into operation to produce higher alcohols from carbon monoxide and hydrogen by pressure-catalytic processes. Isobutyl alcohol will probably be the first of these to reach commercial production. *Chemical & Metallurgical Engineering*, by which these reports are received, believes many other compounds of great value can be produced from similar common materials by similar methods. This is another step in the exploitation of the most interesting and important result of modern industrial research—the use of high-pressure high-temperature methods of accelerating chemical reactions.

This new technique, perfected during the last few years, has already made possible spectacular scientific and industrial achievements, providing the basis for products and processes which have already become matters of every-day experience. To it must be credited a synthetic ammonia industry which has made the United States practically independent of foreign supplies of nitrogen; synthetic methanol production which has virtually revolutionized old customs in solvents, resins, and denaturants; hydrogenation of petroleum; production of helium; development of an entire new class of industrial and domestic fuels by the separation of natural gas into its constituents.

First in commercial importance is the synthetic ammonia industry based on such prosaic materials as coke, air, and water—with a present daily capacity of 500 tons of nitrogen and developments already in view which will double this figure. Important producers include Atmospheric Nitrogen Co., du Pont Ammonia Corp., Consolidated Smelting & Refining Co.; Shell Chemical Co. (under construction).

Cost Cut 50%

High pressure-temperature methods have cut the cost of anhydrous ammonia 50% within the last 10 years; have made it available today at 6¢ a pound in tank-car lots. Anhydrous synthetic ammonia has captured the refrigeration market; its use in ammoniating acid phosphate is growing; large tonnages are oxidized to nitric acid and sold as such or as synthetic sodium nitrate. It is so cheap that it can be sold as a substitute for compressed hydrogen to be "cracked" into its elements and the hydrogen burned.

Pacific & Atlantic

BETTER THAN AN OIL WELL

Of the few hundred tons of beryl in the world, Stanley I. Perham, 23-year-old student at Bates College, Maine, owns 150 tons. From it is extracted beryllium, used increasingly in aircraft, as a hardener for copper. At, roughly, $200 a pound for beryllium, Mr. Perham's pile of rock is worth around $50 millions

Synthetic methanol is a later offspring. Virtually none was produced in 1926; this year's output will be approximately 10 million gallons, contributed chiefly by du Pont Ammonia Corp., Commercial Solvents Corp., Union Carbide & Carbon Co., E. I. du Pont de Nemours, Dow Chemical Co. Methanol is used in solvents, resins, denaturants, formaldehyde, and next year will be used extensively in automobile anti-freeze mixtures. Wood-distillation furnishes the bulk of the natural product and in 1920 its price was about $1.30 a gallon. Now it's down to 40¢ a gallon.

Hydrogenation's Uses

Hydrogenation of petroleum makes possible complete adjustment of refinery output to consumer demands.

At the recent meeting of the American Chemical Society, representatives of the Standard Oil Development Co. pointed out as 5 specific adaptations of hydrogenation: to remove sulphur from high sulphur asphaltic residues to produce 100% of gasoline; to convert low-grade lubricating distillates into the highest-grade, paraffine base, motor oils; to convert low-grade kerosene distillates into burning oils and superior quality gasoline; to remove sulphur and promote gum stabilization in gasoline made from cracked naphthas high in sulphur; to *de*-hydrogenate paraffine base oils—which have relatively high knocking properties—to produce anti-knock gasoline.

An entire new fuel industry has been developed through high-pressure rectification of natural gas and recovery of its highly volatile elements such as propane, butane, and their mixtures, which are the basis for the rapidly developing "canned gas" industry.

Ten million gallons of these liquefied petroleum gases are sold annually.

New Power Plant Methods

High pressure methods developed in chemical industries have spread their influence into other fields; into power plants where the use of mercury, diphenyl and other high-temperature heating media have brought about operating pressures up to 1,500 pounds per square inch; into petroleum production where the "gas drive" is being employed to bring more oil fields into profitable operation.

Future possibilities include production of aliphatic or fatty compounds using water gas and hydrogen—alcohols, acids, aldehydes, etc.; the production of aromatic compounds from aliphatics—such as benzene from natural gas.

Unemployment Insurance Pushes Forward as a Political Issue

Voluntary Protection, Preferred Here, Must Meet New Arguments for Europe's Compulsory System

UNEMPLOYMENT insurance, as the answer to business depressions, is going to be widely heard from in the fall political campaigns. Politicians value the suggestion as a lure to votes. Some will propose it with conviction. All outsiders who use it may expect bitter protests from Socialists charging that this, another of their fair children, has been kidnapped by opposing candidates.

So far there has been a deep and definite cleavage between American and European thought on this subject. Abroad, they believe in enforcement of unemployment insurance by the state and the addition of tax money to the funds.

Here, the only experiments have been with funds supported and controlled entirely by separate industries, unions, or concerns. Highly successful results have been obtained by the Dennison Manufacturing Co., Procter & Gamble, and others. Most ambitious is the scheme worked out by the mammoth General Electric, which is being voted on separately at the different plants.

No Law Ever Passed

In no case has a law for compulsory insurance been adopted in this country. There have been many attempts. Industrial Relations Counselors list 19 bills in 6 states, and one federal measure, introduced since 1915. Wisconsin —as would be expected—leads with 5 bills. New York and Massachusetts follow with 4 each. Minnesota has rejected 3, Connecticut 2, and Pennsylvania (emphatically) one.

Of the greatest significance is the Huber Bill introduced in the Wisconsin legislature in 1921. The measure took its name from the senator who fathered it and gained great prominence through the ardent fight waged in its behalf by Prof. John R. Commons of the University of Wisconsin. Its theory of contribution by employers only was borrowed from European laws.

Professor Commons said the bill "started with the idea that the modern business man is the only person who is in the strategic position and has the managerial ability" to prevent unemployment. He declared that the measure avoided the paternalistic laws of Europe which put the state into the insurance business and pauperized workers. "It induces the business man to make a profit or avoid a loss by efficient labor management. It places the compensation so low that the workman has no expectation of more than enough to pay his rent."

Used as a Model

Henry Dennison, of the Dennison Manufacturing Co., and Ernest Draper, of the American Creosoting Co., went to Wisconsin to urge that the bill be passed. Most violent opposition came from the state's Manufacturers' Association. The measure came nearer to passage than any before or since. It has been the model for bills proposed in several other states.

While compulsory plans have a clean record of defeats in American legislative halls, voluntary schemes go marching on. Industrial Relations Counselors find 3 kinds of unemployment insurance in this country, estimate that 109,000 workers are protected. (If the General Electric adds its 75,000 and affiliated companies their 25,000, the total will be raised to 209,000 employees.) The 3 kinds are: trade union out-of-work benefits, plans jointly agreed to by unions and employees, plans instituted by employers at their expense.

100,000 Have Benefits

The 35,000 workers out of over 4 million trade union workers covered by out-of-work benefits include printers, bakers, lace operatives, wood carvers, lithographers. Joint agreement plans provide for about 65,000, principally needle trade employees; 55,000 of them are in the Amalgamated Clothing Workers. In this case, employers and employees contribute to the necessary fund.

Company schemes have been instituted mostly by executives interested in scientific management. When the money comes from the corporation's strong box there is an added incentive to provide work, loyalty is intensified; sometimes such programs are used as antidotes to unionization plans.

A natural question is: Why don't

International News

CAMDEN CELEBRATES

The radio city declared a holiday to celebrate the back-to-work movement begun by the R. C. A.-Victor Company, which increased its working force from 4,000 to 22,000. Secretaries Lamont and Davis, E. E. Shumaker, president of R. C. A.-Victor, David Sarnoff, president of R. C. A., A. W. Robertson, chairman of Westinghouse Electric, and Owen D. Young attended

the big insurance companies write coverage for unemployment risks?

They have investigated it a bit. The usual result has been to give the proposal a wide berth. Dr. Frederick L. Hoffman, consulting statistician of the Prudential, made a survey of unemployment insurance both as to practice abroad and possible application in this country. He is very emphatic in his rejection of the European theory; calls such social insurance poor relief in disguise; says the English dole system pays benefits to those who do not work for them, workers are weakened until they accept pauper standards of living; declares the idea contrary to the Anglo-Saxon concept that wages must be sufficient to all normal demands.

Metropolitan's Study

Insurance companies generally consider such protection the business of the state—if of anybody. As far as can be learned, one company only has indicated a serious interest in the field—the Metropolitan Life Insurance Co.

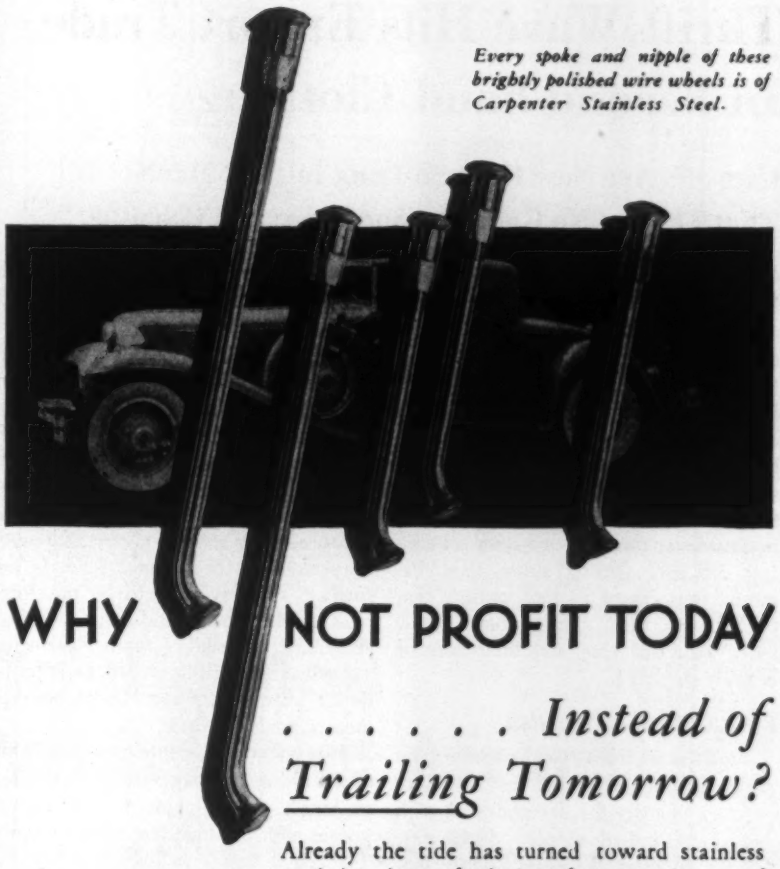
The Metropolitan's survey found that unemployment insurance could take care of seasonal unemployment; of cyclical and technological unemployment for a certain period, but not for very long. Unemployment resulting from industrial disputes "appears to fall in the province of the trade union or charitable agency." Jobs lost because of personal limitations or fundamental changes in industry call for skilled placement, and re-education of labor. The value of public works as a stop-gap is recognized. The company concludes:

"Theoretically, it is a necessary form of coverage in our present industrial world. Practically, there is no form of insurance which has greater difficulties and lack of reliable data."

Asked Legislation

To prove the seriousness of its intentions, the Metropolitan in 1919 and in 1923 urged the New York legislature to amend the insurance laws so that it could write unemployment coverage. The legislation was not adopted. The company contemplated unemployment insurance on the group plan only.

During the 10 years following 1918 the dole and other unemployment relief cost Great Britain $4,295 millions. Average cost per worker is $27 a year. In Germany 17 millions are covered. Cost per person is $22 a year, of which $15 is for straight unemployment insurance. It is said that 26% of the Russian's pay check is commandeered for different forms of social insurance.



Every spoke and nipple of these brightly polished wire wheels is of Carpenter Stainless Steel.

WHY NOT PROFIT TODAY

. . . . . *Instead of Trailing Tomorrow?*

Already the tide has turned toward stainless steel in place of plating for corrosion-proof polished parts and trim. The public likes the idea—responds to it as a sales argument—is even beginning to *ask* for it . . . In another season or two its use will be an old story—and your product may be hard to sell without it.

So today is none too soon to find out the *reasons* why so many of the prominent manufacturers who are adopting stainless steel to replace plating, prefer Carpenter Stainless Steel . . . Carpenter No. 5 with its ease of machining, grinding, polishing . . . Carpenter Strip with its ability to form readily and polish beautifully. . . . One of those reasons—and it may surprise you—is often *actual economy*.

Samples of Carpenter No. 5, also Carpenter Strip in straight chrome irons and chrome nickel grades, to test out on your own machines—in your own way—are yours for the asking . . . *Today* is none too soon to write for them.

CARPENTER No. 5

EASY TO MACHINE
EASY TO GRIND
EASY TO POLISH

THE CARPENTER STEEL COMPANY
READING, PA.
Tools and Alloy Steels Exclusively

Carpenter
STAINLESS STEEL

This is the steel that has been widely adopted by the Automotive Industry to replace many plated parts.

Thrift Wave Hits Export Trade In Second-hand Clothing

Cast-offs Are Now Kept So Long in First Hands That They're No Good to Cape Town and Calcutta

CAPE TOWN'S dusky dandies and Calcutta's Beau Brummels are having a hard time keeping up appearances as a result of the business depression in this country. Second-hand clothing, nearly $6 millions of which has been exported annually in the last 3 years, has suffered a tremendous let-down since January. Exporters expect between one-third and one-half the normal turnover this year. Dealers are having difficulty getting more than the merest rags except in very wealthy centers. Even then, the garments show more wear this year, and their number is sadly depleted.

Indian Market Curtailed

Troubles in India have curtailed buying sufficiently to enable the American exporter to cover the demand even with this year's limited supply. It is more difficult to meet the very slightly curtailed demand in South Africa, Iraq, and Syria.

The second-hand clothes business is a comparative newcomer in the United States. It started when thrifty "rag" collectors began to seek a market for the increasing number of whole garments appearing among rags they bought in a house-to-house canvass in the large cities of the East and Middle West. Carefully cleaned and mended, these garments were sold in Eighth Avenue "Good-as-New" shops in New York. Garments with less style and in poorer condition were hawked in Harlem and the negro districts on the South Side in Chicago. Farther down the list were items suitable for sale to the Southern negro.

Growth of Foreign Trade

Then as the standard of living continued to rise, domestic markets narrowed and second-hand clothes dealers turned to a handful of exporters who had developed foreign markets, building on the experience of the British and in part supplanting these old hands at the business because of the higher quality of American products.

India has become the largest market in volume for America's cast-off clothing, but South Africa is more lucrative because of the better quality of garments demanded. Iraq, Syria, Palestine, and Egypt, absorb thousands of bales annually.

Value of total annual exports from the United States to India aggregates nearly $1 million. The South African trade runs nearly to $2 millions though the quantity is considerably less and the business has been hurt by increasing duties. Annual sales to Iraq for the last three years average nearly $100,000. For the other countries the totals are smaller. Turkey used to be the foremost market for second-hand clothing, absorbing annually worn garments valued at $3 millions until prohibitive duties imposed by the Kemal government closed the door.

This season has been a hard one. One of the oldest and largest exporters failed in June. Of the 4 or 5 other export houses with headquarters in New York, Hampar & Co., J. Belikoff, and I. Freiberg report a foreign demand which will consume the bulk of this year's limited stock of cast-offs.

Ardashess Hampar, who has just completed an 8-month business trip in India and the Near East to make jobber connections, notes a change in taste in foreign markets. Max Segal, formerly operating from London, will survey Eastern market demands this winter. Indian men are beginning to show a fancy for European trousers despite the fact that they have ignored them for years, have gone in strong for vests (sometimes wearing as many as four at a time), and for bright jackets.

Army Overcoats Popular

The South Africans prefer lighter colors, demand the latest styles, have a penchant for long army overcoats. The Iraqi like dress coats; Egyptians lightweight garments. Ladies' jackets and coats, and men's vests, jackets and overcoats are sought. Trousers, at least second-hand ones, have never been popular. Business is done directly with jobbers who in turn sell to native peddlers.

London long was the world center of

The Business Week—Underwood & Underwood

ANY OLD CLOTHES?

New York is now the world center of the business. Jackets, vests, and overcoats are carefully baled—like cotton—with burlap and steel bands, for export to Africa and India. Big bales for the camel trade, smaller bales for donkeys

the old clothes business. Before the war the volume ran as high as $50 millions annually. Bankers lend large sums to finance credit deliveries. Since 1926 volume has been falling off. New York has been able to offer better quality, eventually better prices. A few responsible dealers are putting the business on a sound basis. Carefully sorted, classified, and sealed in bales, the American cast-offs are finding a permanent place on the clothing markets of Bombay, Cape Town, and Bagdad. As long as depression keeps the American business man in his old clothes, rural communities near Delhi and Cairo and Elizabethtown may be less well dressed.

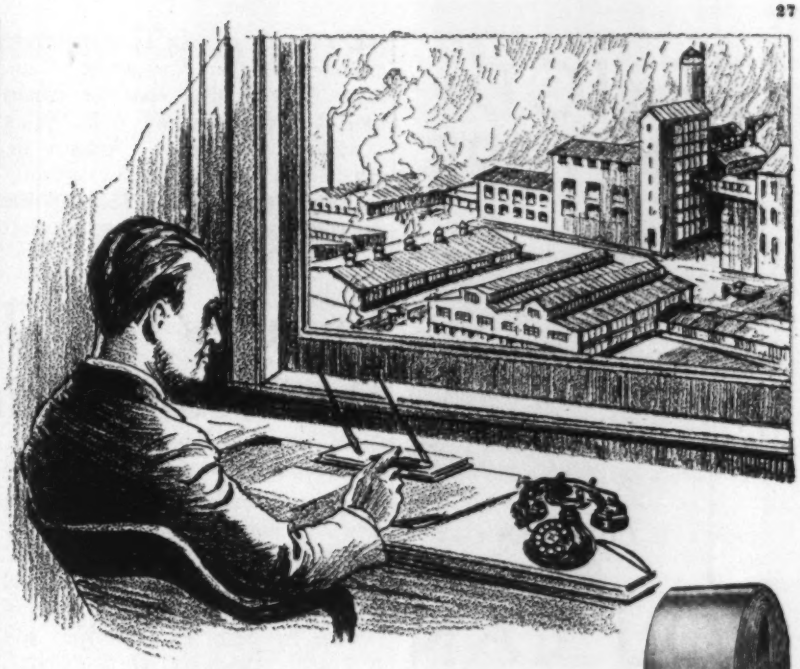
No Decision Expected In Corn Sugar Case

THE food industry is watching with considerable interest the reactions of Secretary Hyde of the Department of Agriculture to the new appeal by corn sugar manufacturers for a release from the labeling handicap on their product. Two months have passed since official investigators listened to their plea that the use of corn sugar for canning be made legal without printing "Canned with Corn Sugar" on the label. No decision has come down. Authorities who have been prying around official Washington now declare that no decision is likely to come down.

Would Abolish Label

The case is an old one; has been aired in the same way before previous administrations. Corn sugar is used in the preparation of ice cream, certain bakery products, confections, and the curing of meats. The federal labeling regulations prohibit its use in the manufacture of preserves, jams, pickles, jellies, canned foods, condensed milk, catsup, chocolate, and bottled beverages without declaration of its presence on the label. Manufacturers, of whom several of the largest are the Corn Products Refining Co., the Clinton (Iowa) Corn Syrup Refining Co. and Penick & Ford, want this restriction removed, declare that the expanded demand would annually consume an additional 20 to 40 million bushels of corn. Corn Products Refining produced 105 million pounds of sugar last year, asserts that it could double capacity if labeling restrictions were removed.

Cane and beet sugar interests have been singularly quiet. Inside authorities declare their silence is due to the fact they sell vast quantities of cane sugar to the large corn-refining com-



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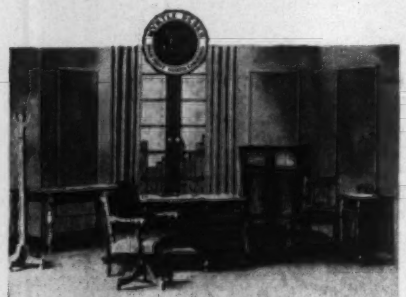

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panies for use in some of the products marketed by these companies. Cane sugar is better than corn for certain uses; the reverse is equally true.

Authorities in the food industry are disposed to treat the matter seriously but from another angle. They say that the corn sugar manufacturers are well organized, are doing business on a sound basis, are respected. But they fear that if present agitation weakens the pure food laws the entire industry is likely to suffer a recurrence of the upset conditions of 1906 and 1907. Future hearings are likely to call up strong opposition to the move.

Business Can't Judge Recruits On Business School Marks

A PARTICULARLY comprehensive and enlightening study of the relationships between a university education and success in business has just been completed for Wharton School of Finance and Commerce of the University of Pennsylvania by James H. S. Bossard and J. Frederic Dewhurst, of the faculty.

No immediate danger of an oversupply of college men in business is found. With more than 650,000 executive and similar positions available, accessions from college ranks are only about 23,000 annually, or 4%. Collegiate business schools graduate about 7,000 each year; engineering schools—half of whose graduates enter business—liberal arts colleges, and law schools supply most of the remainder.

Marketing and finance now offer the greatest opportunities to commerce school graduates, while engineering graduates usually find work in industrial operations. Accounting, insurance, and real estate attract many business graduates, while engineering schools also contribute to public utility and transportation industries. Management and selling stand out as the most conspicuous functions which college men holding responsible positions are called upon to exercise.

High intelligence and scholarship are not always the most important determinants of financial success. Median earnings of men graduating between 1923 and 1928 who ranked in the highest tenth of their classes in scholarship were lower than those in the lowest tenth. Men in the middle third earned more than those in either the highest or lowest thirds.

Students of these 6 classes who engaged in athletic and other campus activities in college had a median income of $3,190 as compared with $2,900 for those not participating in extra-curricular activities.

Suspicion of the effectiveness of present vocational training in colleges was cast by a survey of 1,670 Wharton graduates from 1888 to 1928. Of these alumni somewhat more than half had formed an occupational preference before entering college; less than half of these—one-quarter of the entire list—followed the corresponding courses of study; and less than two-fifths of this group—only one-sixth of the original number—expressed an original preference for which they prepared themselves in college and in which they are now engaged.

Further evidence on this point was obtained from a study of 1,332 graduates holding positions in the 10 most important fields of business. Only 61% of this group held their first positions in the same business; only 38% followed the course of study corresponding to their present occupation; only 28% had an original preference for the field in which they are now engaged.

British Firms Are Urged To Sponsor Scholarships

By Special Cable to The Business Week

"SEND your apprentices to college" is the slogan of British firms in a movement to secure the services of university-trained men. Under present conditions, professional work or civil service offers a more certain entry to the graduate than do commerce and industry. Besides, the rigid caste and apprentice system in England means that the ladder of promotion starts with drudgery at the bottom, the novice paying for the privilege of drudging. Consequently, the best brains pass into other fields and British business has to get along with inbred products of its own training. The suggestion is that firms adopt promising young men and see them through a college course of commercial application, or at least guarantee a job on graduation.

British Coal Industry Ends Strife in Search for Markets

Cooperative Sales Plan, Encouraged by Parliament, Penalizes Home Consumers to Expand Foreign Demand

By Special Cable to The Business Week

AFTER nearly 10 years of internal strife, the British coal trade is waking up to the fact that cooperative action between owners and miners may recapture lost markets. The new act of Parliament (*The Business Week*, Aug. 6), encourages cooperation between the Mine Owners Association and the Miners Federation in the preparation of marketing schemes. Conferences have been held and the new program is almost ready. The industry is highly optimistic.

British collieries ran into difficulties in 1921 when striking miners held up work for 88 days before a settlement was reached. The truce lasted only 5 years. In 1926, recurring difficulty closed the mines for 7 months. Since then the trade has wrangled in and out of Parliament over wage and hour questions, with constant confusion of industrial economics and politics. Nearly half of Britain's 2 million unemployed are associated with the coal industry.

One of the first problems to be faced is the drop from prewar consumption in many markets. Oil and waterpower have made large inroads. In June last year, there were 3786 steamers fitted for liquid fuel, of which 2022 were over 5000 tons, and 396 under 1000 tons. On the Continent, greatest losses have occurred in Italy and Scandinavia. Italy has jumped her waterpower capacity with rapid strides, has large projects under way, others contemplated. Also, Russia is supplying coal in an increasing quantity at low prices. In Scandinavia, German and Polish coal dealers have been doing intensive work, winning orders. In addition, Norway is developing her abundant waterpower, cutting coal demands.

Scandinavian Buying Drops

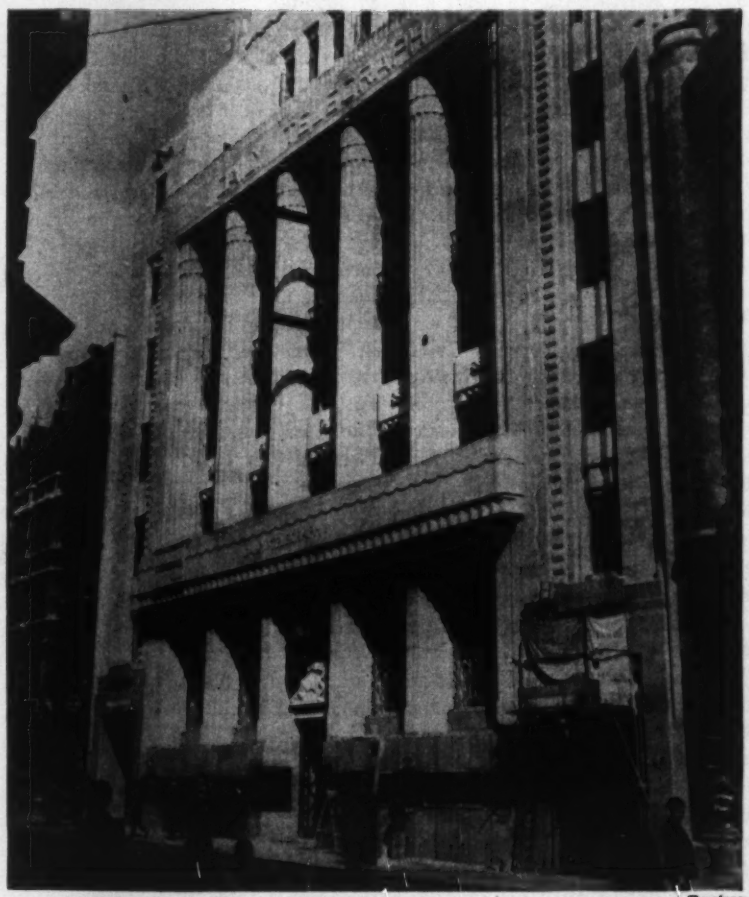
Exports of British coal to Scandinavian countries showed tremendous losses between 1913 and 1929. To Norway, shipments dropped from 2,298,000 tons before the war to 1,444,000 last year; Sweden's purchases fell from 4,563,000 tons to 2,335,000 tons; Denmark last year took only 2,194,000 tons in contrast with 3,034,000 tons in 1913.

Details of the new marketing plans will be released soon. It is known that the home consumer will be penalized in favor of the export market, but with the hope that eventually an expanded foreign demand will enable home prices again to return to a lower level. Mines will be worked on the quota system over 21 areas and the entire output will be graded and sold scientifically. In addition to this internal reorganization, experiments are being pushed toward low carbonization treatment and production of powdered fuel at the pitheads.

Aggressive Campaign Begins

Scientific recapture of foreign markets has begun. Thoroughly schooled salesmen have left for Norway to get fresh orders, to study peculiar needs, competitive methods and prices. Stockholm, Gothenberg, and Copenhagen are on the itinerary after Oslo and Bergen.

Britain's coal industry employs more than 1 million workers and can expect every assistance from the government if credits are needed to supply new or recover old markets. Domestic consumers realize that the slightly higher price can soon be discounted if trade expands, the unemployed are absorbed, and unit cost reduced.



Keystone

A NEW FACE IN FLEET STREET

London's sedate newspaper row is invaded by the ultra-modern building of the Daily Telegraph. New presses will turn out the "British businessman's daily" at the rate of 40,000 an hour

British Textile Mission Besieges Eastern Markets

ALL British industry is on the alert to keep established markets in a "buying mood," but no branch is so harried as textiles. With Japan offering stiff competition in the Far East, and even selling Britain improved looms; with China still so upset by civil war that buying power is constantly in reduced volume;

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with India set against British products even to the extent of frequent boycotts, markets in Asia are badly "shot."

England's newest trade mission sailed from London Sept. 19, bound for the Orient. Headed by Sir Ernest Thompson, who is chairman of the Executive Joint Committee of the Cotton Trade Organization, the committee of 7 represents both the cotton, wool, and engineering industries and the cooperative groups.

Indicative of the special efforts being made by Lancashire cotton interests to recapture Far Eastern markets, is the appointment of a special cotton subcommittee which will accompany the mission. To finance the survey, which will require 6 months of study, Lancashire interests are contributing $30,000, the government nearly $60,000 more.

Despite civil war, China bought $24 millions of British cotton piece goods last year. The commission expects to increase this figure next year.

Uruguay's Business Men Strike In Protest Against Taxes

SOUTH AMERICA'S recent revolutions were mildly echoed in Uruguay this week when business decided to resist tax increases which will be necessary if proposed legislation for a minimum wage and old-age pensions is enacted. "Resistance" included a shutdown of all business activities for 48 hours and the presentation to Congress of a note of disapproval of the plan.

Informed opinion is inclined to consider the pension plan purely as a political expedient of the party which hopes to maintain its influence in this way. Business resents the move as uneconomic, particularly in this time of depression. While a revolution is not impossible, it is not expected.

Properous Even Now

Uruguay, though it depends largely on agriculture, has been singularly prosperous even in recent months. Exports for the first 6 months of 1930 totaled $64 millions; imports were $44 millions.

Wool, by far the largest item of export, has sold well and, since April, at rising prices. Reports from Montevideo this week show that all but 4000 bales of last year's crop has been sold. Wool exports in 1928, the last year for which complete figures are available, made up $33 millions of an export total of $106 millions. Cattle prices at good levels have been another aid, for cattle and meat products compose another quarter of the country's exports.

Uruguay's foreign trade figures for the first quarter of 1930 are encouraging to United States business. Of total imports of $21,160,000, more than $6 millions came from the United States. England, which purchases by far the largest amount of Uruguay's goods, sold only half this amount and Germany less than one-third. World depression is reflected in the figures if they are compared with those for the first quarter in 1929 when Uruguay's purchases in the United States reached a total of $7,500,000.

Only slightly larger than Oklahoma, and with a population about equal to that of Kansas, Uruguay is the smallest South American republic, but the 2 million Uruguayans buy more from the United States than Peru's 6 millions. Wheat production last year showed an increase of 57% over the prewar average; oats, 60% increase; linseed, 51% increase. Exports were 117% greater than in 1921, and imports 52%. Sixteen American companies have branches in Montevideo, including Swift and Armour, General Motors and Ford, Portland Cement, Paramount and Fox Film, All-American Cables, and the National City Bank.

May Attract Tourists

Americans who have visited the country recently are impressed with the possibilities of Montevideo as a resort. Shrewd automobile dealers report that Uruguay now ranks only after the United States, England, and Canada in the area of urban concrete paved roads; that the new highway along the south shore to a point directly opposite Buenos Aires will attract Argentine motorists who will welcome the chance to visit Montevideo beaches and travel over long stretches of good roads, will encourage road-building in their native Argentine; that the use of trucks for inland transport is hindered by import duties but helped by exceedingly high railroad freight rates.

Swift Survey of Business Abroad

EUROPE

By Special Cable to The Business Week

BUSINESS is in a fitful state. The uncertainty occasioned by the German elections and the totally unexpected renewal of softening commodity prices—particularly cotton, copper, and wheat—caused an appreciable check in previously strengthening business confidence and stock market buoyancy. Latest indications are that sentiment is again improving. At midweek, the principal stock markets were recovering and exchange oscillations were steadying. Foreign credits in Germany were reported little curtailed except for the French, which have been heavily withdrawn. Prompt intervention by the Reichsbank halted the incipient weakness of the Reichsmark which is now easy. Both dollars and sterling gained against francs as the Reichsbank, instead of further selling exchange, cannily exported gold to Paris in order to prevent franc appreciation on withdrawals of credits. The first shipment of $9 millions, and the second of an identical amount, is reported. Money is somewhat tighter in Berlin but easier to the point of being plethoric in Paris and London.

Two encouraging items of the week: more liberal Far Eastern orders, especially for textiles; the Indian report that, notwithstanding excessive world stocks of hessians, raw jute prices are firming after a long decline. Due to the importance of this fibre for packaging materials, it is considered a particularly sensitive trade barometer.

The focus of business as well as political attention continues to pivot in Germany. Immediately at stake for the future administration is the Continent's most important economic unit. Elections marked the first organized challenge of the Versailles treaties and reparations, whose revision even many neutrals feel is inevitable, and matters awaiting only an appropriate time and method. First fears that a Nationalist victory would endanger the Republican government and lead to policies jeopardizing European stability have given place to the expectation that the very degree of Nationalist success will tend to unite the Moderate Socialist and Bourgeois parties who still hold an actual majority between them. It is entirely probable that the situation will turn, not upon election issues or foreign policies, but upon the already familiar domestic economic problems, namely farm relief and tariff, unemployment subsidization, taxation, and budget equilibrium.

Open grain markets are momentarily upset by Russian dumping, though opinion seems general that this condition can not last long because of Russia's inability to maintain for long the present volume of exports. It has already been determined that Soviet dumping will be discussed at London's Imperial Conference next month.

By Special Cable to The Business Week

Great Britain—Business is a bit disgruntled over prolonged stagnation and the failure of the initial seasonal pickup to develop more rapidly, but the net position, viewed from London, is still one of relative improvement. Confidence rallied this week when unemployment, after increasing 79,127 last week, dropped 36,158. Notwithstanding recent market upsets, the General Electric issue of $3,500,000 5% debentures offered at 98 to convert an outstanding 7% issue was immediately oversubscribed, proving to the satisfaction of optimists that the public will still respond to high class offerings. Opinion in financial circles anticipates a number of municipal and industrial issues will be offered soon, but foreign government issues, except possibly one Hungarian, are not expected.

Coal faces decreased industrial consumption with no immediate hope for expanded exports though great hopes are placed in the marketing schemes when they are ready for operation. Iron and steel production is low. Wool demand shows some improvement; the hide and leather demand is active. Manchester reports a more cheerful tone in the cotton industry with a bigger demand for yarn and cloth and increasing sales, though they are still on a small scale. Withdrawal of picketers in the Bombay and Calcutta area has reacted favorably; Madras and China demand is reviving. It is expected that idle looms in the Lancashire district will soon be restarted.

Copper at £46 5s. cash, and electrolytic at £50, touched a new low since 1902. Lord Melchett's long bull report on prospects for International Nickel and the copper potentialities of the Frood mine left the market unmoved. Money is still cheap but the demand is light and it is expected that the autumn drain this year will be too small to cause increased bank rates.

General concern over the unemployment situation, particularly since the unemployed number more than 2 millions and with the belief common that increases cannot be stopped this winter, has led to the formation of a "national council of industry and commerce," sponsored by Sir William Morris, the motor manufacturer. Included in the group of prominent British industrialists who will seek to bring into "political life that measure of common sense without which the business of Britain and the empire cannot be conducted," are Lord Melchett; Sir Harry McGowan, president of Imperial Chemical Industries, Ltd.; Sir Hugo Cunliffe-Owen, chairman of the British-American Tobacco Co.; Sir Hugo Hirst, chairman of the General Electric Co. of England; and Dr. Henry Dreyfus, director of British Celanese, Ltd. This group will work for protected home markets and elimination of national waste. Though considered by many only a protectionist maneuver, the announcement of the council has had a marked effect on popular feeling.

Unemployment was undoubtedly a key factor in reversing the recent burst of optimism on the stock market. There is further cause for a setback of public confidence in disclosure of fraud in the pulp and paper company formed in October 1927 to acquire important German pulping mills. Coming on the anniversary of the Hatry affair, it is feared this revelation will freeze out any returning confidence of general investors. Despite underlying trends which are somewhat hopeful, British business is inclined to be gloomy as a result of the week's developments.

The sale of Royal Mail holdings in the Argentine Navigation Co. to a group of Anglo-Argentine bankers headed by Dodero Bros. has been confirmed. Dodero takes over the ordinary shares leaving preferred stock to the London bankers interested in the deal. The sale is a step toward the clearing of Royal Mail's financial position under the advisory committee appointed last month. The King Line, another Kylsant interest, has passed its dividend.

The Business Week By Special Cable to

France—Merchandising is reported seasonally more active, but new orders for the basic industries—notably coal, iron, and steel—are declining. The local cartel has reduced prices on steel products to meet the incipient invasion of foreign competition following the

recent dissolution of international price agreements. Money continues plethoric with a considerable withdrawal of credits from Germany. The accumulation of gold in Paris continues but is expected to cease during the coming month as tourist expenditures come to an end and seasonal raw material purchases begin. The latest crop estimate shows a further decline to 5,600,000 tons, compared with 9,500,000 a year ago. Imports this year are likely to exceed 3 million tons. One year ago the country had an exportable surplus of 1 million tons. The stock market has steadied from the relapse occasioned by the German elections. Sentiment now is one, not of alarm, but of conservatism until the German situation clarifies itself.

The new budget for 1932-33 shows a nominal total of $2,004,000,000, or $12,000,000 less than a year ago. The figure, however, is deceiving for it actually conceals an increase of $80 millions. The public deception was accomplished by shifting to the sinking fund office certain classes of public debt redemptions which heretofore have been a budgetary charge. It means no increase in taxation but a slower rate of debt amortization. The principal significance however, is the failure to begin the intended deflation of public expenditure which has grown uninterruptedly until it is now 25% above 1927 expenditures and twice the per capita public expenditure of the United States. The unnatural condition of French finances becomes conspicuous when it is realized that 40% of the new budget is for public debt service, 25% for military expenditure, while only 35% is for administrative purposes.

No change in policies is foreseen as a result of the resignation of Emile Moreau from the governorship of the Bank of France in order to accept the chairmanship of the Banque de Paris et des Pays-Bas, one of the strongest private banks in France. He will probably be succeeded at the Bank of France by Clement Moret, at present vice-governor of the bank.

By Special Cable to The Business Week

Germany — Political factors have strongly influenced the business outlook, particularly in the unfavorable impression created abroad as a result of election issues. Further, there is apprehension in business circles regarding the attitude of the Bruening government to delay action until the reassembly of the Reichstag. Leaders on the Berlin Stock Exchange urge the necessity for immediate formation of a new majority in the government to remove the present state of uncertainty which has proved so detrimental to the stock market and to business generally. However gloomy the immediate outlook, recent sensational reports which caused such heavy depreciation of German securities on foreign stock exchanges are considered grossly exaggerated by responsible business, which is unwilling to admit even the possibility that the present political crisis will affect the fulfilment of Germany's obligations on both public and private loans.

The chief repercussion to the alarmist news circulated abroad was heavy withdrawals of foreign, mostly French, funds. These withdrawals last week are estimated to have totaled $40 millions. After endeavoring to satisfy the demand by selling francs from its own reserves, the Reichsbank altered its tactics by shipping gold to Paris. Considering the fact that total foreign currency holdings of the Reichsbank are $200 millions, to which can be added a gold reserve of $620 millions, making the total currency coverage $820 millions, the withdrawals already made can be regarded without alarm, though continuation at the present rate might, in the next few weeks, create a serious situation, if not in the stability of currency, at least on the short term money market. The latter is already stiffening. The private discount rate, which has been declining steadily since spring, increased this week from 3⅛% to 3⅜%.

A further serious aftermath of the elections was "black week" on the German stock exchanges, caused largely by the selling on foreign accounts. For the week ending Sept. 19, the stock index declined from 98.6 to 96.2, followed by further heavy drops in leading securities on subsequent days. A parallel decline in both public and private bonds was looked upon with particular concern since the steady improvement in the bond markets in recent months had been one of the chief factors in stimulating hope for early business recovery.

Most spectacular event of the week was the collapse of government's artificial support of grain prices. On the day following the elections, the government discontinued its support of wheat prices. A catastrophic price fall was avoided only by decreeing that the compulsory admixture of domestic wheat in all flour milled in the country be in-

Underwood & Underwood

EXPORT PULPWOOD IN LENINGRAD HARBOR

It worries Americans, but they paid the Soviets last year $1,388,000 for timber in various forms. England welcomes cheap wood, bought nearly $49 millions from Russia last year. Leningrad has 10 quays for the loading of timber and grain, allowing for simultaneous berthing of 40 steamers

Wide World

ARGENTINE AMBASSADOR

Dr. Manuel Malbran, career diplomatist and Argentine ambassador to Washington for 3 months under Irigoyen, is returned by the Uriburu interim government

creased from 60% to 80%. On the following day the government discontinued its rye purchases without any counterbalancing support. The result was a price drop of from $3 to $4 a ton. Collapse was caused by the exhaustion of government funds and by the abnormally heavy shipments of grain from farmers who anticipated the breakdown of the plan. Besides these heavy losses on grain actually delivered, the government appears to be heavily engaged in futures at prices exceeding present levels. The government grain commissioner, Dr. Baade, in defending the move, pointed out the impossibility of maintaining the present domestic rye price at $48 a ton when the Soviets are offering a large volume of rye at $20 f.o.b. Russian ports.

One unexpectedly favorable factor in a picture of almost complete economic depression is the satisfactory volume of orders resulting from the international leather show in Berlin.

By Special Cable to The Business Week

Italy—Summer inactivity has definitely ended though indications are yet lacking to substantiate the general feeling that fall activity will start in at a much higher level than was expected some few weeks back. Mussolini has announced the year's wheat crop to be 5,800,000 tons; a year ago it was 7,000,000. The government insists that the shortage this year was caused by bad weather; business is inclined to believe that, due to small profits from last year's crop, farmers planted short this year, since the crop compares favorably with the prewar average of 4,900,000 tons.

Although the Ford-Isotta agreement for the production of Fords in Italy has definitely been signed and settled, Agnelli, president of Fiat, Italy's foremost low-priced automobile, knowing what the sale of Fords at $700 would mean to his domestic market is doing all that he can to prevent the carrying out of the plan.

The director of the customs has announced foreign trade figures for the first 8 months of this year:

	1930	*1929*
Imports	$619,000,000	$785,000,000
Exports	430,000,000	517,000,000
Balance	—$189,000,000	—$268,000,000

The treasury statement for August shows a deficit of nearly $11 millions, which, when added to the July deficit of $6,450,000, makes a total of nearly $17½ millions. The situation is attributed to the large outlays which have been made for national defence, for earthquake sufferers, and to the smaller yield of taxation in the summer months.

LATIN AMERICA

The strong undercurrent of unrest in the Latin world has failed to overbalance improved conditions in key countries. Chile's threatened revolution has not destroyed general confidence in that country's inherent stability and in President Ibañez's ability to preserve order. Conservative opinion in New York and Washington anticipates no immediate overthrow of the present régime in Santiago.

Argentina has contracted a new $50-million loan with New York banks to cover the loan for an identical amount which comes due Oct. 1. The new issue will carry a 5% interest rate. Unfavorable conditions in the bond market are responsible for Argentina's refusal to accept bids on a long term bond issue at this time.

Foreign trade figures from Brazil show that exports for the first 6 months of this year totalled $181 millions, and imports $147 millions. Compared with figures for the same period last year, this represents a decrease in foreign trade of $112 millions.

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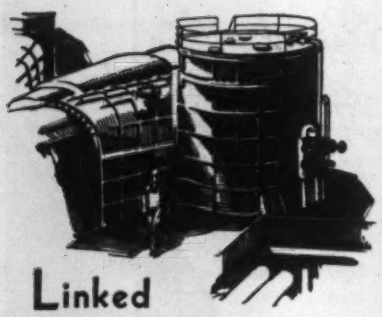

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Wide Reading

DEVELOPMENTS IN THE FEDERAL RESERVE SYSTEM. Oskar Morgenstern. *Harvard Business Review*, October. Events in the last year call for a searching study of policies. What *is* the discount policy of the Board?

HOW INSTALMENT BUYERS ARE WEATHERING THE DEPRESSION. H. A. Haring. *Advertising & Selling*, Sept. 17. They meet their payments but it often means going without little luxuries.

WHY AMOS' N' ANDY GOT ACROSS. Judith C. Waller. *System*, October. Eight rules for success in advertising and promotion.

"SMALLER AND CHEAPER." Arthur P. Hirose. *Printers' Ink*; Sept. 18. Speculation as to the economic significance of three 1930 merchandising developments—"Tom Thumb" golf, baby Austin, and midget radio.

HOOVER'S CENSUS OF DISTRIBUTION REVEALS NEW FORCES IN BUSINESS. William L. Daley. *Automotive Industries*, Sept. 13. Results of the new census, soon to be disclosed, will have valuable information for the automotive industry.

THE SOVIET CHALLENGE TO CAPITALISM. Calvin B. Hoover. *Harpers*, October. - One of the most lucid discussions of "just what is happening" in Russia that has appeared to date.

DARK DAYS AHEAD. James Truslow Adams, Stuart Chase, Howard Mumford Jones. *Forum*, October. A dialogue on the bankruptcy of business leadership. Stimulating despite the difficult manner of presentation.

A CURE FOR DOCTORS' BILLS. Evans Clark. *Atlantic*, October. Striking practical plan for reorganization of our system of medical attention.

CONCERNING 1931 ADVERTISING APPROPRIATIONS FOR CHINA AND JAPAN. Earl T. Russell. *Export Advertiser*, September. Business volume in the Orient very closely follows advertising effort.

OPTIMISM EVIDENT IN BRITISH INDUSTRY. M. W. Bourdon. *Automotive Industries*, Sept. 20. Difficulties ahead are recognized but officials see hope in dominion trends to English cars.

TEN INVESTMENT TRUSTS IN AMERICA—A THREE-YEAR RECORD. Joseph A. Thomas. *Harvard Business Review*, October. An investment banker makes a critical analysis of a new type of holding company.

STYLE, TODAY'S SALES ACCELERATOR. Franklin S. Clark. *System*, October. From the results of an investigation and with suggestions to individual businesses.

BOOKS

MORGAN THE MAGNIFICENT. John K. Winkler. Vanguard Press, 313 pp., $3.50. Interesting chronicles of the last 75 years of financial history as they were related to the life of the elder Morgan.

ECONOMIC RHYTHM. Ernest Wageman. McGraw-Hill, 213 pp., $3. Rejects general and plural curve barometers of business in favor of a system of multiple barometers throwing light on various angles of the business organism, such as that developed by the German Institute for Business Cycle Research.

NEW WAYS OF MAKING MONEY. Roger W. Babson. Harper, 205 pp., $2.50. Brief essays on the opportunities said to exist in 50 different fields of human activity.

REPORTS—SURVEYS

THE BONBRIGHT SURVEY OF ELECTRIC POWER AND LIGHT COMPANIES OF THE UNITED STATES. Edited by G. F. Wittig. McGraw-Hill, 196 pp. $10. Sixth annual geographic survey of the industry. Tables showing companies, their capital stock, funded debt and gross and net earnings. Includes index of all power companies listed.

BUSINESS SERVICE IN PUBLIC LIBRARIES OF 109 LARGE CITIES. Business Branch, Newark Public Library, 50 cents. In what cities the public library supplies a city directory collection; what outstanding libraries spend for special publications for the use of business men; what services various libraries supply.

NATIONAL MOTOR TRUCK ANALYSIS. General Motors Truck Co., 44 pp., chart. Analysis of returns to truck questionnaire sent to owners.

FIVE YEARS OF RESEARCH IN INDUSTRY, 1926-1930. Clarence J. West. National Research Council, 50 cents. Bibliography of selected articles from the technical press on industrial research, presenting a cross-section of important research activities covering a wide range of industries.

CHAIN STORES. Paul H. Nystrom. Domestic Distribution Department, Chamber of Commerce of the U. S., 46 pp. Recently revised statistics on chain and independent retailers and wholesalers. 20 pages statistics.

INDUSTRIAL SURVEY OF NEW HAMPSHIRE: SUMMARY REPORT. Grafton Power Co., 29 pp. General picture of conditions in the state.

EYES SAVED IN INDUSTRY. National Society For The Prevention of Blindness, and National Safety Council. First survey of salutary effect of simple devices for eye protection in extensive and varied fields of industry.

THIS RADIO BUSINESS. The McCall Co., 84 pp. An effort to put together some of the outstanding weaknesses and strength in the present set-up of distributing machinery for radio receiving sets.

A TRAFFIC CONTROL PLAN FOR KANSAS CITY. Miller McClintock. Chamber of Commerce of Kansas City, 251 pp. Recommendations from an experienced director who has already surveyed Chicago and San Francisco.

THE PROBLEM OF TEXTILE ADVERTISING. Allyn B. McIntire. Calvin Stanford Advertising Agency, 28 pp. Editors are writing more pages about textiles than manufacturers are using in their advertising. Suggestions for modernizing textile advertising.

What the Figures Show

THE wide publicity and ready acceptance of bearish rumors during the past week have tended to add to the unsettlement of commodity markets and to obscure a number of favorable statistical indications in the business situation. Basic production as evidenced by steel activity, building construction, bituminous coal, and electric power production has shown signs of resistance to further decline, while trade activity evidenced in check payments and car loadings has indicated about the usual seasonal strengthening.

Business Activity Index Rises

Our adjusted index of general business activity rose further for the period ending Sept. 20 to 85.6% of normal, due chiefly to the rise in check payments and steel activity. The increase in check payments, however, reflects in part the regular quarterly money turnover accompanying fiscal operations of the government. The revised index of the preceding week stands at 84% of normal, while a year ago business activity was still well above normal at 108.6% though the irregular downward trend got under way the latter part of July.

The sustained stability of operations in the steel industry is a source of considerable satisfaction. Both Dow, Jones and the *Iron Age* have estimated increased activity for the week, the former placing operations of the industry as a whole at 60% of capacity compared with slightly under 58% a week ago and 83% a year ago, the latter giving a slightly higher figure of 61% against 58% in the two preceding weeks. Our index, adjusted for seasonal variation and long-time trend, rose from 84.4% of normal to 87.2%.

THE BUSINESS WEEK INDEX OF GENERAL ACTIVITY	*Latest Week*	*Preceding Week*	*Year Ago*
	*85.6	†84.0	108.6
Production			
Steel Mill Operation (% capacity)	60	58	83
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	$12,757	$13,461	$19,089
Bituminous Coal (daily average, 1,000 tons)	*1,525	†1,526	1,835
Petroleum (daily average, 1,000 bbls.)	2,422	2,420	2,925
Total Electric Power (millions K. W. H.)	*1,850	*1,835	1,920
Trade			
Car Loadings (daily average, all classes, 1,000 cars)	161	163	192
Check Payments (outside N. Y. City, millions)	$5,285	$4,548	$7,075
Money in Circulation (daily average, millions)	$4,483	†$4,495	$4,798
Wheat Receipts (1,000 bushels)	16,876	17,866	11,663
Cotton Receipts (1,000 bales)	503	429	526
Cattle Receipts (1,000 head)	*223	†221	255
Hog Receipts (1,000 head)	*384	†398	432
Wool Receipts (1,000 lbs.)	2,328	2,178	5,279
Prices (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$0.78	$0.80	$1.25
Cotton (middling, New York, lb.)	$0.109	$0.112	$0.186
Iron and Steel (composite, ton)	$32.56	$32.64	$36.44
Copper (electrolytic, lb.)	$0.102	$0.104	$0.178
All Commodities (Fisher's Index, 1926–100)	83.6	83.4	96.1
Finance			
Total Loans and Discounts, Federal Reserve reporting member banks (millions)	$16,881	$16,812	$17,254
Commercial Loans, Federal Reserve reporting member banks (millions)	$8,477	†$8,480	$9,567
Brokers' Loans, New York Federal Reserve member banks (millions)	$3.222	$3,222	$6,761
Federal Reserve System Ratio	82.0	81.6	73.8
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	9,677	11,331	23,475
Stock Prices (N. Y. Times, average 50 stocks)	$197.95	$204.46	$303.53
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$46,525	$46,823	$60,496
Bond Prices (Dow, Jones, average 40 bonds)	$97.37	$97.21	$92.32
Interest Rates—Call Loans (daily average)	2.2%	2.5%	8.4%
Interest Rates—Time Loans (daily average)	2½-2¾%	2½-2¾%	9%
Business Failures (Dun, number)	497	463	360

*Preliminary †Revised

Steel Bookings

According to *Iron Age*, interest in forward buying is continuing, with steel dealers unwilling to book orders at present prices beyond the end of 1930. On some steel products, prices have been advanced for fourth quarter shipments and have become accepted market levels. Bookings have been largely from miscellaneous steel consumers such as radio, miniature golf equipment, stove and farm implement industries, rather than from the two major steel consumers—automobiles and railroads. As the rail buying season approaches, there is some expectation of at least replacement orders from this source. The situation in the motor industry is still somewhat clouded in spite of the favorable report of General Motors on the relationship of sales to dealers and customers. Efforts of one important automobile maker to book shipments through the middle of January at present prices have met stubborn resistance. Fabricated steel tonnage awards fell to 21,000 tons, the lowest since early in July, but new projects requiring 37,000 tons of steel developed during the week.

Building contracts for the week totaled $86,413,500 against $91,525,800 the preceding week. The gratifying activity in the residential field mentioned last week has continued. Contract letting for this group is at the daily rate of $4,114,100 for September, 1930, so far, compared with $3,306,800 during August and $4,695,200 for September, 1929. Our index of total construction in 37 states, adjusted for changes in costs, seasonal variation, and trend, and based on the volume of the past four weeks, fell slightly from 71.9% of normal to 68.2%. The *Engineering News-Record* data on heavy construction contracts declined somewhat under the preceding week and amounted to less than half of the total of last year which, however, was exceptionally high, influenced by large

commercial building contracts. In the metropolitan area of New York, the daily rate of contract letting thus far in September has run 22% ahead of August and 56% ahead of September, 1929, with residential contracts assuming the lead for the first time in months.

Bituminous Coal

Bituminous coal production increased 13% over the holiday week, but our index based on the daily average output and adjusted for seasonal variation and trend declined from 72.4% of normal to 71.3%. Industrial expansion has not been sufficient thus far to make more than a seasonal rise in soft coal output, while the continued warm weather has tended to make domestic consumers postpone their buying of anthracite.

Electric power production increased slightly over the preceding week, but not as much as seasonally expected. Our adjusted index declined fractionally from 96.5% of normal to 96.3%. The total output is still some 3.6% below a year ago, but 6.3% above 1928. An analysis of electric power production figures for July as compiled by the National Electric Light Association reveals the fact that domestic consumption gained nearly 16% above a year ago, while total consumption declined nearly 2%, indicating that industrial consumption has been largely responsible for the poor showing of electric power output this year.

Carloading Totals

Total carloadings increased substantially after the holiday week, though the computed daily average shows a slight decline for the week. Loadings are still 16% below 1929 and 15% below 1928. Miscellaneous and less than carload merchandise rose to somewhat more than the week preceding the holiday, but our index based on the computed daily average, and adjusted for seasonal variation and long time trend, declined from 83.5% of normal to 82.4%.

The increase of 16% over last week in bank debits for the 140 cities outside of New York was due in part, as previously mentioned, to non-trade factors. In the group of 131 cities outside of financial centers, bank debits increased but 10% over the preceding week and were 22.5% below a year ago. Both series have followed the usual seasonal trend upward from the end of August, though in 1930 the spread has widened compared to the fall of 1928 and 1929 when stock market activity increased. Our index, based on debits in 140 cities, adjusted for price changes, seasonal variation, and trend, and averaged with the preceding week, increased rather sharply from 84.6% of normal to 91.6%.

Money in circulation again fell slightly, following the same trend after the Labor Day week as in the two preceding years. Our adjusted index declined from the revised figure of last week of 100.7% of normal to 100.4%.

Prices Still Decline

The most unsatisfactory feature of the week is presented by the group of price statistics, which continue to show narrow declines. Wheat has been particularly susceptible to ill-founded reports, the September deliveries in Chicago falling below 77¢, the lowest level in some twenty-three years, but later recovering part of the week's loss. December wheat reached the lowest point since 1907, while May compared with 1911. New lows were also set in cotton, sugar, crude rubber, and silk. Low prices continue to stimulate foreign takings of cotton, though the August world consumption of American cotton has fallen off about 23% to 27% of normal.

The iron and steel composite price dropped 8¢ during the week, but the continued steadiness of scrap prices after rising from the summer lows is significant.

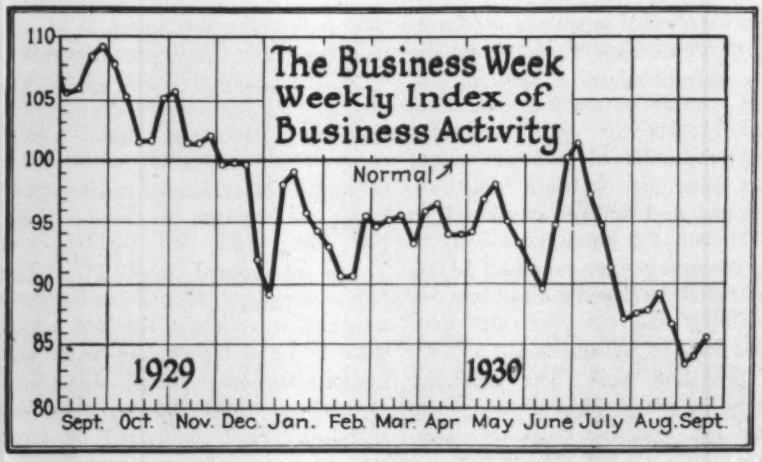
Continued shaving of prices by custom smelters has lowered the copper price to 10¼¢ on some purchases. Export copper was cut to 10.80¢ a pound, but the unsettlement induced by these declines has caused some hesitation in the placement of orders. Any sign of price stability or rise would undoubtedly uncover a considerable volume of orders.

Fisher's wholesale commodity index for the week ending September 19 increased fractionally, while that of the National Fertilizer Association for the same period declined.

Credit expansion as evidenced by the total loans and discounts of the reporting member banks showed some increase due largely to loans on securities. Commercial loans declined slightly so that our index, adjusted for price changes, seasonal variation and trend, declined from the revised figure of 102.6% of normal to 101.8%. Our adjusted index of total loans and investments of reporting member banks turned upward again to 105.7 of normal, reflecting purchases of government securities and increased security loans.

Commercial failures continue to rise rather sharply and are now well above comparable weeks of 1928 and 1929.

The Business Week's weekly index of general business activity, first of its kind, is based on eight series of weekly figures—steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation of the index see *The Business Week*, May 7, 1930, p. 39.



Money and the Market

THIS week belonged to the bears. Hungry, weary and desperate from the steady resistance to further deflation that has been offered by commodities as well as stocks since the middle of August, they began a week ago to play what in the past have always been the last cards in the bear hand—rumors of plots and catastrophes. When an unfounded report of impending political upheaval in Germany failed last week to produce a wide enough break in the market, Washington unintentionally came to the aid of professional operators for the decline by dragging the Russian bear into the wheat pit and starting a severe break in grain prices, which spread to most commodities and to stocks. To clinch this, a fake rumor of failure of the Canadian wheat pool was rung in on Tuesday, to be denied by Canadian government officials, but not promptly enough to prevent wheat hitting the lowest point in 23 years, and carrying stocks with it.

Prices Fluctuate

Prices zig-zagged down day by day from the 19th, with short and weak rallies, finally breaking through the lows of the August reaction, and carrying many issues to new lows for the year. The fact that, for the first time this summer, the bears have driven prices through the last previous resistance level will probably be taken as a technical victory; but it will probably be their last this year. This latest reaction has undoubtedly fully discounted the failure of any marked business recovery this year; but during the last quarter it will be hard for the bear faction to overcome the tendency to discount improvement in 1931, which no one is bear enough to doubt.

Except for the German reparations issues, and a few other German governments, which hit new 1930 lows on Monday before official reassurances quieted rumors of political upset there, the bond market forged ahead fairly steadily to new high levels for the year. Mark exchange weakened under foreign liquidation of German securities, but was rallied by support of the Reichsbank, which sent some gold to France. Foreign stock markets were generally weak in sympathy with the New York decline.

The International Situation

The continued draining off of gold to France and the United States remains a discouraging feature of the international financial situation. The principal movements this week were from Japan, Latin America and Germany, countries that can least afford to part with gold at this time. The ability of the United States and France to draw gold continues in spite of the extreme ease of money rates in Paris and New York, and the fact that stock yields are highest in Berlin and London.

The chief reason is the failure of banking policy to create a sufficiently good bond market in either center to make possible a substantial revival of foreign financing. In Paris, considerations of foreign policy are the chief obstacle, though there is talk of pending flotations of stabilization loans to some of the Balkan satellites of French diplomacy. In New York, the Reserve Bank still adheres to its passive open market policy, apparently satisfied with keeping short-term money rates at low levels in preparation for increased commercial demand when business revival comes. Working along this line, the first action of the new governor of the Reserve Board has been to take steps, in conjunction with the Farm Loan Board and the Intermediate Credit Banks, further to lower rates and facilitate commodity loans in moving this season's crops.

Extreme ease of short money in the New York market this week was indicated by call money going begging at 1%, 6-month time money at 2½%, and 90-day time money at 2% with Federal funds offered at ¼%.

Federal Reserve Inactivity

Inactivity of the Reserve Banks was emphasized in this week's figures. Discounts increased somewhat, but bill and security holdings declined sharply. Slackening of bank support of the bond market is shown also in a decline in investments of the New York member banks. Loans rose somewhat, mainly on securities. The brokers' loan total was unchanged after the sharp rise in the preceding week accompanying the quarterly income tax payment date, but this was due to a shift of security loans from out of town banks and "others" to the New York banks. The latter are still borrowing nothing from the Federal Reserve Bank, although there was evidently some increase in rediscounting by other district banks.

The Dublin Letters

To Mr. Philip Bailey, Calling for a Pinch Hitter and Buttoning Up the Final Details on the Superb Account

HOTEL BLACKSTONE
CHICAGO
MARCH, 1928

JUST RECEIVED WORD MRS. DUBLIN ILL APPENDICITIS AND IMMEDIATE OPERATION ADVISED MUST RETURN NEW YORK TO-MORROW ON CENTURY STOP WROTE YOU YESTERDAY ON SUPERB SITUATION ASSUME MY LETTER NOW AT HAND STOP WILL SUPPLEMENT WITH ANOTHER TO BE CALLED FOR AT BLACKSTONE GIVING YOU FULLEST INFORMATION ON SUPERB MATTERS ON YOUR ARRIVAL STOP CAN YOU CATCH CENTURY TOMORROW WANT TO ARRANGE FOR YOUR HOOK-UP WITH DUNNING AND BEVIN STOP PLEASE GET IN TOUCH WITH DR. CHARLES MOWBREY ADDRESS PHONE BOOK THEN PLEASE PHONE ME AT SEVEN P.M. NEW YORK TIME TO LET ME KNOW MRS. DUBLIN'S CONDITION AND VERIFY YOUR DEPARTURE FOR CHICAGO STOP SORRY TO LEAVE THIS JOB IN THE MIDDLE BUT CANNOT BE HELPED.

JAMES W. DUBLIN

Hotel Blackstone
Chicago
March, 1928

Dear P. B.:

I am leaving this letter at the desk to be handed to you as soon as you arrive. Have also written Mr. Dunning explaining the circumstances of my abrupt departure and introducing you. Copy of my letter is enclosed.

I am very sorry indeed to withdraw so suddenly from a solicitation which now appears promising. I am no man to hide behind a woman's appendix as you know—but you can imagine my great anxiety over Mrs. Dublin and appreciate, I am sure, that where I belong now is in New York City.

The Superb distribution is floundering. It is out of balance and control. They are playing it by ear. They are fagged by their own confusion, plus all the conflicting spiels of the agencies that are after the account. It is our obligation and opportunity to bring clarity and incisiveness to the state of great fatigue.

Advise you have long thorough talk with Derby Thomas. He knows many of the side swipes and carom-shots the way things lie now. Davis, the advertising manager, tells him everything, but Derby doesn't know what to *tell us*. He is unable to sort out the important from the unimportant and therefore must be *questioned* and *re-questioned* until the pertinent stuff comes to the surface.

One other suggestion and I am finished. There is a key-point which must be registered strongly with Dunning and Bevin both, and that is our fitness to handle their business at what they would think is long range.

All the Chicago agencies undoubtedly will feature the fact they are *in Chicago* and therefore right around the corner on call. This availability to do hand-holding is a powerful argument. A man a thousand miles away may be rendering an unduplicatable service by the honest application of his creative thought—but the client can't *see* him and he is subject to a large discount. The local agency, on the other hand, can keep shooting a lot of men around to the place registering physical attention and demonstrating desire to deliver money's-worth. These men may not look so good and may not be Class-A sparkers. But they look *real*. They convey the anxiety to serve. They convey the sense of lots of wheels turning in the customer's behalf.

Sooner or later we must convince the Superb crowd that brains and imagination are no longer matters of geography. A Chicago concern, if it prefers to do so, can now tap the New York thinking and creative resources just as easily as New York sets its table with the fresh garden truck from California, Florida, Georgia, and many other states of our rich and juicy Union. Miles are myths in this day of air mail, long-distance phone visits, telegram chatter, and fast trains running East and West a damn sight more comfortably than our own 42nd St. shuttle. The quaint discovery that this is a small world is no longer an old lady's wheeze: it's a *fact*.

It's a fact we've got to get home to Dunning and Bevin. Not that they don't know it. But they may not want to take it to their bosom. The Chicago ad boys will, naturally, be on hand to tell 'em the air mail might have an accident, the phones are full of buzzing noises, the trains may muff their schedule, and dumb mistakes creep into telegrams.

Nothing like having your agency in the back yard where you can ring a bell and the talent will come trooping in. Tie up with a New York agency? So fur away? Gosh! That's terrible! This New York crowd will come to Chicago and get your contract and after that they're ectoplasm. Try and get your hands on 'em.

The large and lustrous thought is the compelling note undoubtedly—but only until the blinker on the buying end begins to wonder whether you can deliver it f.o.b. his office in perfect condition. If he concludes it won't ship without spoiling, he passes it up for a less showy but more dependable piece of goods procurable nearer home.

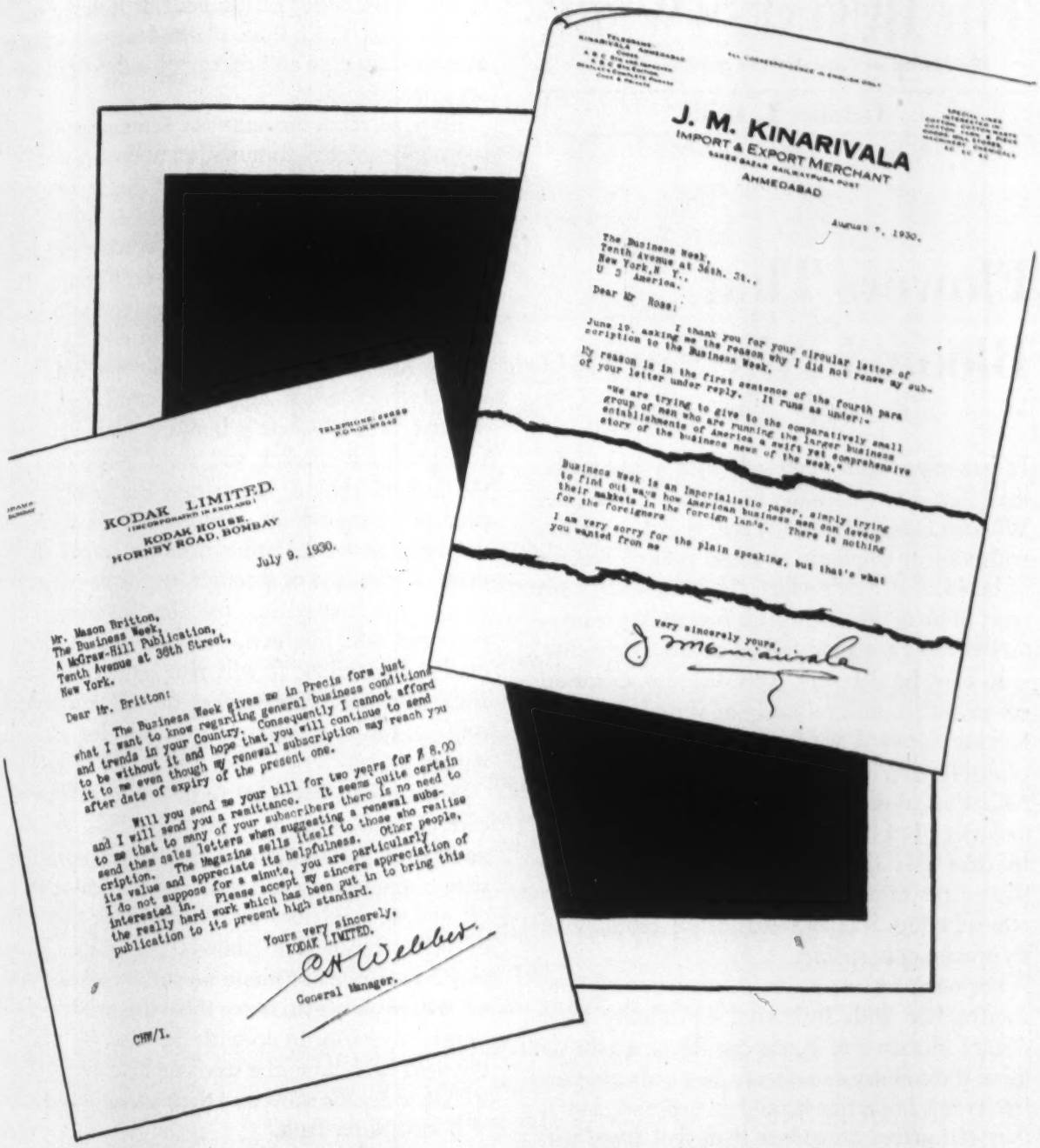
Fortunately for us, there is a *plus* in the very minus represented by our location in New York—and it might not be a bad idea to use it in introducing the foregoing bracket of thought. Superb distribution is thin and scattered up and down the Eastern seaboard. In proportion to the wired homes you might say Superb Appliances don't speak above a whisper in the Atlantic sector. This worries Leslie Bevin—and Dunning, too, I suppose. Here's where we can bat 1000%. We can get out and paddle and peddle with their selling crew whenever they're ready for an Eastern selling development. We can show 'em how to go to market in a sound style that won't have to take any back-talk from anybody.

Finally, let me say you will be well received at the Superb wigwam. You won't have to start in cold. I've seen to that. I have every confidence you'll come down the stretch for a grandstand finish and I'll get as big a kick out of it as yourself.

Best of luck. J. W. D.

Do Styles Follow Cyclical Laws?

BICYCLES are coming into style. Question: Does style come in cycles? Government experts in Washington are being asked to find out. Fashions both in men's and women's wear, furniture, wallpaper, and houses all vary apparently by mere public whim. Corsets went off a few years ago and are coming back without the armor plate. The formerly ubiquitous derby, after fading from view, is invading New York and threatens to spread to other cities. Some think there may be rough laws of occurrence and recurrence. If any rules can be discovered, business in which style is a hazard can organize on a new basis.



J. M. KINARIVALA
IMPORT & EXPORT MERCHANT
SARAS BAZAR RAILWAYPURA POST
AHMEDABAD

August 7, 1930.

The Business Week,
Tenth Avenue at 36th. St.,
New York, N. Y.,
U. S. America.

Dear Mr Ross:

I thank you for your circular letter of June 19, asking me the reason why I did not renew my subscription to the Business Week.

My reason is in the first sentence of the fourth para of your letter under reply. It runs as under:-

"We are trying to give to the comparatively small group of men who are running the larger business establishments of America a swift yet comprehensive story of the business news of the week."

Business Week is an Imperialistic paper, simply trying to find out ways how American business men can develop their markets in the foreign lands. There is nothing for the foreigners

I am very sorry for the plain speaking, but that's what you wanted from me

Very sincerely yours,
J. M. Kinarivala

KODAK LIMITED.
(INCORPORATED IN ENGLAND)
KODAK HOUSE,
HORNBY ROAD, BOMBAY

July 9, 1930.

Mr. Mason Britton,
The Business Week,
A McGraw-Hill Publication,
Tenth Avenue at 36th Street,
New York.

Dear Mr. Britton:

The Business Week gives me in Precis form just what I want to know regarding general business conditions and trends in your Country. Consequently I cannot afford to be without it and hope that you will continue to send it to me even though my renewal subscription may reach you after date of expiry of the present one.

Will you send me your bill for two years for $ 8.00 and I will send you a remittance. It seems quite certain to me that to many of your subscribers there is no need to send them sales letters when suggesting a renewal subscription. The Magazine sells itself to those who realise its value and appreciate its helpfulness. Other people, I do not suppose for a minute, you are particularly interested in. Please accept my sincere appreciation of the really hard work which has been put in to bring this publication to its present high standard.

Yours very sincerely,
KODAK LIMITED.
C. H. Welbet.
General Manager.

CHW/I.

2 viewpoints from Gandhiland

We like these two differing viewpoints from the Orient because both have caught the spirit of *The Business Week*. One renews his subscription because he welcomes our publishing purpose; the other allows his subscription to expire because he doesn't.

The Business Week

THE BUSINESS WEEK

The Journal of Business News and Interpretation

October 1, 1930

Flowers That Bloom in the Spring

IT has often been observed, with a gay tra-la, that they have nothing to do with the case. Whether this is universally true or not, it applies with violent emphasis to those belated blooms of business recovery which the bitter-enders are now blithely promising us for next spring—maybe, if we are good and take all our medicine.

It may be all very well for the castor-oil economists to talk callously of vernal revival—looking forward with pious pleasure, as they probably do,. to the next season for further purgative doses of statistical sulphur and molasses. But business men, too, are beginning to echo this indifferent fatalism, reconciling themselves to another winter of discontent by remembering Shelley's reassuring estimate of its proximity to spring.

For our part, we confess ourselves unable to contemplate with such cool equanimity these distant blossoms of better business, nor do we think the country can either. Not only are they irrelevant, impertinent, and immaterial, but if they can arrive no sooner than that there will be no tra-la attached to them when they do. If winter comes this year, next spring will be too far behind.

We have already had as much of this depression as is demanded by the laws of the mathematical Medes and Persians, and three months more of it than we need have had if financial and business leadership had been roused to realization of the situation. Despite the puritanical platitudes of the defeatists and deflationists, there have been since June no underlying actualities that need have prevented prompt and vigorous recovery this fall, save the passive open-market policy of the Federal Reserve and the paralysis which those platitudes have spread over the initiative and energy of individual and organized business.

Even, so, since the outset of September, in response to seasonal stimulus, an almost resentful public reaction has set in against this scepticism about the solidity of their standards of living. There is no real reason why that reaction, feeble though it is, should not carry us on through the fall to steady recovery if it receives sufficient support from our banking system and business enterprise. If the Reserve authorities will immediately undertake aggressive and large scale direct action to create a buoyant domestic and foreign bond market and send some of our sterile gold abroad; if business leadership will promptly respond by setting some of its idle surpluses to work, either through larger dividend distribution or through long-time commitments for materials, for improvement of processes and products, for cost reduction or market expansion, it will not be necessary to issue any more reassurances or call any more conferences in Washington to pray for a mild winter.

A little more financial fertilizer, a little more careful cultivation of consumer needs, a little more managerial steam, a little more spraying with common sense to keep the statistical insects off, and we need not wait till spring for the buds of better business to show themselves. They may have to be hot house flowers this year, but we'll be mighty glad to see them this winter, and they'll have a lot to do with the case. If we let the field lie fallow, the seeds of discontent will sprout under the snow and their spring blossoms will bear bitter fruit.

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